



# LABOUR ECONOMICS AND LABOUR STATISTICS

---

Dr. Sanghmitra Sharma  
Avanish Kumar Singh



ALEXIS PRESS  
JERSEY CITY, USA

**LABOUR ECONOMICS AND  
LABOUR STATISTICS**



# LABOUR ECONOMICS AND LABOUR STATISTICS

Dr. Sanghmitra Sharma

Avanish Kumar Singh





ALEXIS PRESS

*Published by:* Alexis Press, LLC, Jersey City, USA  
[www.alexispress.us](http://www.alexispress.us)

© RESERVED

This book contains information obtained from highly regarded resources.  
Copyright for individual contents remains with the authors.  
A wide variety of references are listed. Reasonable efforts have been made  
to publish reliable data and information, but the author and the publisher  
cannot assume responsibility for the validity of  
all materials or for the consequences of their use.

No part of this book may be reprinted, reproduced, transmitted,  
or utilized in any form by any electronic, mechanical, or other means,  
now known or hereinafter invented, including photocopying,  
microfilming and recording, or any information storage or retrieval system,  
without permission from the publishers.

For permission to photocopy or use material electronically  
from this work please access [alexispress.us](http://alexispress.us)

First Published 2022

*A catalogue record for this publication is available from the British Library*

*Library of Congress Cataloguing in Publication Data*

Includes bibliographical references and index.

Labour Economics and Labour Statistics by *Dr. Sanghmitra Sharma, Avinish Kumar Singh*

ISBN 978-1-64532-616-8

## CONTENS

<b>Chapter 1.</b> Conceptual Aspects of Labour Economics.....	1
— <i>Dr. Sanghmitra Sharma</i>	
<b>Chapter 2.</b> A Study on Labour Problems in Developing Economy .....	9
— <i>Mr. Najrullah Khan</i>	
<b>Chapter 3.</b> A Brief Study on Poverty and Education Deficiency .....	17
— <i>Sheena Agarwal</i>	
<b>Chapter 4.</b> Characteristics of Labour Force in India .....	24
— <i>Dr. A.K. Chauhan</i>	
<b>Chapter 5.</b> Conceptual and Developmental Aspects of Employment .....	31
— <i>Dr. Birendra Kumar Chauhan</i>	
<b>Chapter 6.</b> A Brief Study on Labour Turnover and Absenteeism .....	41
— <i>Dr. Deepak Dhiman</i>	
<b>Chapter 7.</b> Concept of Unemployment and Its Nature .....	49
— <i>Dr. Isha Tyagi</i>	
<b>Chapter 8.</b> Overview of Unorganized Labour .....	61
— <i>Dr. Rahul Agarwal</i>	
<b>Chapter 9.</b> Unorganized Labour in Various Spheres.....	71
— <i>Dr. Sandeep Kumar</i>	
<b>Chapter 10.</b> A Brief Study on Labour in Five Years Plans .....	79
— <i>Dr. Sanjay Goel</i>	
<b>Chapter 11.</b> A Brief Study on Sixth Employment and Training Program .....	88
— <i>Mr. Kuldeep Singh</i>	
<b>Chapter 12.</b> Analysis of Agriculture Labour.....	96
— <i>Yatin Adhana</i>	
<b>Chapter 13.</b> Government Interventions in Agricultural Labor .....	105
— <i>Dr. Surbhi Arya</i>	

<b>Chapter 14.</b> A Brief Study on Aims of as Industrial Policy .....	114
— <i>Ashwani Sharma</i>	
<b>Chapter 15.</b> A Brief Introduction of Industrial Development .....	120
— <i>Sunil Kumar</i>	
<b>Chapter 16.</b> A Brief Study on Development of the Public Sector.....	129
— <i>Yatin Adhana</i>	
<b>Chapter 17.</b> Industrial Development Role in National Economy .....	138
— <i>Avanish Kumar Singh</i>	
<b>Chapter 18.</b> A Brief Study on Conceptual Aspects of Labour Statistics.....	151
— <i>Dr. Sapan Asthana</i>	
<b>Chapter 19.</b> A Brief Study on Labour Statistics Legislation .....	163
— <i>Rishika Kaushik</i>	
<b>Chapter 20.</b> A Brief Study on Collection of Labour Statistics .....	169
— <i>Dr. Deependra Nath Pathak</i>	
<b>Chapter 21.</b> A Brief Study on Understanding Employment Policy .....	177
— <i>Dr. Deependra Nath Pathak</i>	
<b>Chapter 22.</b> An Analysis of Child Labour.....	185
— <i>Dr. Annu Bahl Mehra</i>	
<b>Chapter 23.</b> A Brief Study on Emerging Issues in Labour Economics.....	194
— <i>Dr. Annu Bahl Mehra</i>	
<b>Chapter 24.</b> Introduction Nature and Scope of Industrial Economics.....	202
— <i>Dr. Ritu Meena</i>	
<b>Chapter 25.</b> Economic Reforms and Liberalization .....	211
— <i>Dr. Ritu Meena</i>	

## CHAPTER 1

# CONCEPTUAL ASPECTS OF LABOUR ECONOMICS

---

Dr. Sanghmitra Sharma, Assistant Professor  
Department of Statistics, IIMT University, Meerut, Uttar Pradesh, India.

### ABSTRACT:

A recent topic of great importance is labour economics. The main players in the advancement of the State, the employers and the worker, are challenged by economic growth. Maintaining the pace of growth should be the main goal of all of them. Unavoidably, some level of concentrated effort is required. How society decides to arrange its development initiative and how strongly the various parties believe in the project's success will determine how far such combined efforts will go. The function that labour plays will be greatly influenced by how it responds to the roles of the other partners, despite the fact that it is often the weakest partner even if it may be the most essential. You will learn about the conceptual features of labour economics in this unit, including its application and significance to the industrial sector in general and to emerging economies in particular. We have covered the conceptual side of labour economics in this course, including its purpose, range, and significance. In order to have a thorough understanding of labour issues, the field of economics known as "labour economics" is dedicated to studying them. The study of the structure, institutions, and behaviour of the labour market in an industrialising or industrialised economy is referred to as labour economics.

### KEYWORDS:

Economics, Labour, Productivity, Security, Welfare.

### INTRODUCTION

It is well known that workers who are underage, live in substandard conditions, or have heavy loads will perform less effectively. Welfare for workers is not charitable. The improvement of the living and working conditions for the men and women employed in the sector increases the feeling of employee engagement in the business's goals and inspires them to give their all for the welfare of the nation. If the efficient production of products and services and the treatment of employees are properly viewed as social obligations of the government and business. Labour economics, which analyses the issues, solutions, and evolution of labour in the economy, is thus necessary.

The goal of labour economics is to understand the dynamics and operations of the labour markets. The interaction and trade between employers and employees is what makes the labour market operate. By examining the employees or employees and the employers, labour economics attempts to understand the consequent pattern of income, employment, and pay. According to economic theory, labour is a measure of the work that people do. Labour economics and other factors of production, such capital and land, are often different. Some economic theories have established the idea of human capital. Although it is not always the case, human capital refers to the talents that employees possess. There are several macroeconomics theories, and under these opposing theories, the definition of human capital is ambiguous. In labour economics, we examine how workers—the providers of labour services—are allocated among positions, how



their pay or rate of compensation is determined, and how external circumstances impact how well they can do their duties.

The labour force of the nation consists of both individuals who work and develop their skills and those who are jobless and looking for employment. Numerous variables affect how labour service providers (workers) are used and how much they are compensated for their job. The characteristics of the labour force (workers), such as their level of education, health, distribution of their skills and special trainings, and degree of mobility, are also included. It also includes structural aspects of the economy, such as the proportions of heavy manufacturing, service sectors, and technology. Institutional variables are also taken into consideration, such as the strength and scope of associations between employers and labour unions and the presence of minimum-wage regulations. Other elements, such as fluctuations in business cycle conventions, are also taken into account. Labour economists are well aware of certain particular general patterns. For instance, salaries tend to be higher in positions that involve high risk, and greater levels of labour efficiency, such as training or education, are needed in industries, economies that are strongly correlated with such sectors, and industries that are heavily unionised. The capacity of labour to increase production of goods and services without increasing the labour force is known as labour efficiency. The level of commodities and products produced will rise if the labour force is effective[1], [2].

### **A sub-system of the economic system is labour economics**

The goal of labour economics is to comprehend the dynamics and operation of the pay market. Employers and employees interact to drive the operation of labour markets. In order to comprehend the pattern of salaries, employment, and income that results, labour economics examines the employers who want labour services as well as the employees who provide those services. Labour is a term used in economics to describe the labour that people do. It is often compared to other production inputs like land and money. There are ideas that have given rise to the idea of "human capital," which refers to the abilities that employees possess rather than necessarily to their actual job. A sub-system of the wider economic system, the labour system is an organised structure of relationships. The study of labour economics focuses on how people behave when they are either providing or purchasing work services.

'Labour Economics' is a branch of economic study that derives its theory and methods from generally recognised economic concepts. The core idea of economics is the best possible use of resources via the production process. Of all the productive resources, labour is particularly noteworthy. Consider Fleisher. assert that work may be seen as a human resource, a production element, and a source of wealth. To complement other production factors, labour is an essential component in some quantity. Additionally, the only component that can be separated from the people who own it is work. Finally, labour, which makes up a significant portion of the home sector, both creates revenue via the payment of services and consumes the product. Due to the unique qualities of work, the core theme of labour economics is not only limited to the problem of allocation but also encompasses the issue of growth and development.

According to economic theory, the force of labour supply and demand determines the average pay rate, which tends to be equal throughout all labour markets. Both predictions are predicated on the existence of a competitive employment market. Free labour movement between low-pay and high-wage markets would eventually lead to an equilibrium wage that could best distribute labour resources among different sectors, regions, and professions within an economy. It was

believed that labour market imperfections may upset the balance, but that long-established trends towards pay equality would remain true nonetheless. Some theorists claim that value theory's specific case of wage determination. Demand and supply so work together to decide how many people will be employed and how much they will be paid in the labour market. The employment market is similar to the market for products like wheat in this regard. Choices made by buyers and sellers on the market were reflected in the market's conditions of exchange. However, there are several ways in which the labour market differs from the market for wheat. Indeed, economists find the distinctions between the labour market and the product market to be particularly fascinating. There would be no justification for the existence of a distinct subject in labour economics if the labour market didn't have any unique features[3], [4].

### **The Purpose of Labour Economics**

Since economics has several specialised subfields, including public economics, macroeconomics, agricultural economics, industrial economics, rural economics, developmental economics, and others, there is also a unique field of study for the labour force called "Labour Economics." A separate investigation is thus necessary. The labour economy is treated as a separate area of economics for strong theoretical and practical reasons. What, however, is labour economics?

To put it simply, labour economics is the study of the working class in a particular economy. Labour is a productive force that is highly sensitive to a variety of societal, economic, and legal changes. Labour economics investigates labour issues and potential remedies. Labour economics is a field of knowledge that deals with the valuation, distribution, and growth of scarce human resources with the goal of maximising net economic benefit. Work is the principal activity of people, notwithstanding hobbes and idle affluent, according to professor Richard B. Freeman. Every society, whether it is feudal, capitalist, or collectivist, organises its commodities and services. It made the decisions on who would complete the work, how, and under what conditions? It also dictates how any resulting conflicts should be addressed.

Labour economics is the study of organisation, wage determination, employment level, social security, labour welfare, and labour relations, according to Professor Phelps Brown. Thus, to examine the dynamics of work, labour economics adopts a methodical and specialised methodology. The study of the organisation, institutions, and behaviour of the labour market in an industrialising or industrialised economy is the subject of the economics subfield known as labour economics. In a nutshell, the study of the issue, solution, and development of human resources is known as labour economics.

## **DISCUSSION**

### **Labour Economics and Industrial Relations: A Difference**

We also make a distinction between labour economics and industrial relations for analytical purposes. Since the behaviour pattern of labour management relations may not be adequately explained by a theoretical formulation derived entirely from one social science, the study of industrial relations demands a multi-disciplinary approach. Social scientists have recently contributed significantly to our understanding of the economic, institutional, and social behaviour aspects of human resource pricing, allocation, and development. As a result, in Kerr's words, it is for an expansion of economists' perspectives. Economics may continue to play a significant role in the study of industrial relations provided it produces a more suitable trade

union model, pays more attention to its underlying assumptions, and is more concerned with "Imperfection". The economics of labour is evolving into the economics of industrial relations policy.

Some economists are preoccupied with the dynamics of the labour market, while others are troubled by the issue of how business and society interact. In order to investigate the issue resulting from the interaction between society and industry, unionism and management, unionism and technology, etc., labour is concerned with the labour problem, its solution, and the development of human resources[5], [6].

### **Application of Labour Economics**

The areas of governmental action that include work, either directly or indirectly, are within the purview of labour economics. It is a methodical examination of numerous labour class-related ideas, concepts, hypotheses, and steps. Labour economics covers a wide range of topics, including wage and employment theory, collective bargaining, labour organisation, and manpower economics. The wellbeing of the whole working class rests on the employees' ability to keep their jobs, which is their main priority. On the other hand, employers are primarily concerned with the issue of hiring, training, and keeping employees at wages that can allow them to make a sufficient profit, while public policy is concerned with the workforce's early education and the avoidance of labor-management disputes. Thus, labour economics is concerned with the in-depth study of the topics described below.

### **Labour Economics Theory**

Here, we examine a number of economic theories that address a number of issues, including wage determination, fixing employment levels, the idea of wages, wage determination criteria, components of salary payments, and fixation techniques. Collective bargaining has grown to be a significant way of pay fixing under the title of wage fixation. The state intervention adjudication apparatus and wage board continue to play a key role in the wage system despite the expansion of unionism.

### **Laws and Labour Status**

Under this category, we examine the motivations, goals, and purposes behind the different laws enacted as well as how those laws affect the working class. Now that every government is aware of its responsibility to take action to protect workers from exploitation and women from male oppression, different legal steps have been enacted.

The current laws that were insufficient in the context of change have been changed. It contains an examination of the different ordinances' and bylaws' provisions as well as how they affect labour relations and productivity at the workplace.

### **Rules for Managing Personnel, Job Evaluation and Merit Rating**

This section investigates the numerous facets of personnel issues, from hiring through retirement. Therein are also included the worker election system, the requirement for job assessment, merit ratings, and other associated issues. The assessment of human potential is crucial. Evaluation in the workplace aids in worker placement. Efficiency, waste, and productivity are facilitated by poor staff selection and acclimatisation.

## **Worker Welfare**

This section studies numerous labour welfare philosophies and practises. Stress and pressure on society are results of industrialisation. The government must participate in the social cost of economic progress. unions and employers. In this context, we consider the working environment, social security, and community welfare as three components of worker wellbeing. Employers are subject to legal obligations thanks to different regulations, including the factories that serve as social security measures.

## **Commerce Unionism**

This section contains the format, organisation, and management style of numerous labour unions. Trade unions are important to the system of labour relations. Under a variety of circumstances, they have evolved into economic, political, and social institutions. It covers the expansion of trade unionism, the challenges it presently faces, and the new paths it is taking.

## **Schedule of The Labour Market**

Here, we examine the size and makeup of the labour market, as well as its capitalist, socialist, or mixed structure. Although there are many ways to define the notion of a labour market, it is generally accepted that as an economic market, it balances the forces of supply and demand. Now that labour markets vary practically indefinitely in terms of their structure and dynamics, it is also important to analyse the dualism that has formed in some, especially in less developed economies, as a result of institutional and economic factors. Three ideal categories come to mind: organised industrial labour markets, informal markets, and rural labour markets.

## **Company Relations**

Industrial relations are complex phenomena that may be explored at several levels of study, has been our steadfast stance. The function of supervision and the attitudes of the supervisor and employees have an impact on workplace industrial relations. Ideology, perception, worker dedication and motivation are all examples of workplace attitudes. Employees display certain group behaviour and a particular trend in productivity, absenteeism, and turnover as a function of the work environment and the attitudes of the supervisor and employees. As a result, we also look at the function of the supervisor, the attitude-related aspect of the workplace, and the indications of both individual and group behaviour at work. Thus, there are two ways to study labour economics:

### **Theoretical Features:**

The field of labour economics has recently seen a significant expansion due to various theories regarding wage determination, employer-employee relations, changes in production technology, the need for professional schools specialising in industrial relations, disagreements between theorists and institutions, and the use of empirical methods in the field. The field of labour economics has expanded in cases of emerging economies. In these economies, much must be considered. The topic of labour economics includes both what has already occurred and what will soon happen. The labour issue has additional dimensions in these economies. The socialist mode of industrial organisation has expanded the field of labour economics by introducing fresh perspectives on the relationship between employees and employers. Russia is one nation that has looked for a new model to organise industrial activity. All of this has increased the use of labour

economics. As a result, the field of labour economics is constantly evolving in line with economic development and labor-related philosophical perspectives[7], [8].

### **Why Labour Economics Matter**

Today's labour situation is the top story. Its significance for the nation's industrial system and planned economy has been acknowledged. We have chosen to prepare for quick economic growth, which in turn calls for a sizable industrial base. Thus, competent management of industrial labour became one of the most important factors in both development and labourer uplift. Thus, a thorough grasp of labour economics is crucial. The value of studying labour economics in college is acknowledged. When the whole state is committed to ensuring justice for everyone, it cannot stand by and watch while injustice is continued against the less powerful members of society, whether they are farmworkers, individual workers, or any other groups. The following points highlight the significance of learning labour economics: -

### **A Growth in Labour Problems**

Whatever the system of economy and administration, numerous labor-related issues have arisen recently that have made them more prevalent. Without addressing these issues, any economy's production efficiency would suffer. Those who think that labour issues only exist under capitalism and cannot exist in a planned or socialist economy are in a state of bliss. Labour issues will always exist as long as labour is seen as a distinct part of production, provided by different agents than those who supply other factors. However, the magnitude and gravity of such issues might vary depending on the economic system.

According to popular belief, labour issues do not exist in small-scale enterprises since there are no employers or workers present, and all of the different production factors are provided by the same individual. The development of large-scale enterprises with diverse sources of supply has resulted in labour movements occurring all over the world. Due to the fact that each agent competed to get the biggest profit share, there are often disagreements and conflicts. Therefore, understanding labour economics is essential to building positive working relationships between management and the union.

### **Relations in the Industry**

Industrial peace and growth are mutually exclusive. The development of industrial relations must allow for a higher worker participation in the operation of the industry. The right of employees to collective bargaining, association, and organisation should be acknowledged, and as a result, trade unions should be embraced. Conflicts should be addressed amicably by reasonable compromise, with impartial inquiry and arbitration being used as a last resort. A study of labour economics enables us to examine precise words that should be spelt out in order to prevent disputes. Only in an environment of industrial peace and harmony can an economy with planned production and distribution, aimed for social justice and the welfare of the people, operate.

### **Community Security**

Due to the fact that an individual member cannot face certain risks to which he is exposed, Social Security has been seen as being of utmost importance for the wellbeing of industrial employees. societal and governmental security measures against unforeseen events including disease, unemployment, old age incontinence, workplace accidents, and invalidity. The study of labour

economics sheds light on various measures like the Workmen Compensation Act, Maternity Benefits Act, the Employees "State Insurance Act, the Employees" Prudent Fund, etc. meant to provide social security to the industrial workers. Social security measures are essential prerequisites of a stable, efficient, and permanent labour force[9], [10].

### **Employee Planning**

Since labour is a crucial component of economic development, the success of our economic planning heavily rests on our capacity to maintain the adjustment of a sizable work force in accordance with demands of an expanding economy. Labour economics places a strong emphasis on the value of effective human resource management. Planning authorities must now more effectively align the available human resources with development needs due to the population's fast growth, especially among working-age groups and the business sector's growing need for specialised labour. India just established the ministry of human resources for the development of human resources.

### **Working Circumstances**

Realise that favourable working circumstances have a significant impact on not only the effectiveness of the job but also its migratory nature, salaries, and labour relations. Working conditions can include a variety of factors, such as hygiene, dust and dirt, temperature and humidity, ventilation, space inside the factory, safety precautions, as well as numerous welfare provisions, such as a canteen, bathrooms, drinking water setups, refreshment room, etc. as well as the number of hours worked. The working circumstances in factories need to be significantly improved, according to research on general working conditions of labourers conducted by labour economists, the Labour Investigation Committee, and numerous other independent researchers. However, the laws governing stores and other commercial establishments are enough for the job and should be appropriately applied and enforced to enhance the working conditions for industrial workers.

### **Worker Production**

Labour economics is the study of labour productivity, which is crucial since it is the sole means of advancing industry and improving employees' quality of life. At various economic activity levels, productivity indexes have been created and utilised for a number of purposes. While employees refused to accept the poor labour productivity, employers lamented it. According to the study of labour economics, it is important to analyse how things are now organised, how people are paid, and how jobs are classified in order to recommend ways to improve productivity and efficiency. It also addresses the issues brought on by salary increases brought about by government meddling and trade union pressure without a matching rise in worker productivity, and vice versa.

### **Salary Policy**

The necessity for wage regulation from the perspectives of equality and growth is first highlighted by the study of labour economics. Second, any good wage strategy must be integrated into the larger economic plan, especially in relation to plans for pricing, non-wage earnings, and taxes. Thirdly, a specific wage strategy will need to include both macro-level collective bargaining and the element of macro-guidelines. Therefore, wage policy cannot continue to be the only policy. It must be a component of the larger government. policy.

## CONCLUSION

The study of labour economics requires a multidisciplinary approach. Unquestionably, labour economics has become a distinct subfield within general economics. To give it specialised attention, labour economics is separated from general economics; otherwise, the same concepts that control government policy apply to labour market theory. microeconomics' determination of quantity and pricing. The overview of labour economics covers a wide range of topics, such as the global framework of the specific economic system, the size and demographics of the labour force and the labour market, the role of labour as a factor of production, productivity, and efficiency, working conditions, industrial relations, living standards, labourers' laws, and workplace dynamics, among others. The importance of labour issues to economic stability, industrial peace, and national advancement is why they are now attracting more and more attention from all perspectives.

## REFERENCES:

- [1] S. Burns, "Human capital and its structure," *J. Priv. Enterp.*, 2018.
- [2] P. J. Dolton, "Some Recent Developments in Labour Economics," *Natl. Inst. Econ. Rev.*, 2018.
- [3] R. A. Margo, "The integration of economic history into economics," *Cliometrica*, 2018.
- [4] Y. J. Seo and J. S. Park, "The role of seaports in regional employment: evidence from South Korea," *Reg. Stud.*, 2018.
- [5] R. Hjalmarsson and M. J. Lindquist, "Labour economics and crime," *Labour Economics*. 2018.
- [6] W. Wang and K. Zheng, "Labor unemployment insurance and firms' future performance," *Int. J. Manag. Financ.*, vol. 14, no. 3, pp. 282–300, Jun. 2018.
- [7] D. J. Henderson and A. C. Souto, "An Introduction to Nonparametric Regression for Labor Economists," *Journal of Labor Research*. 2018.
- [8] S. Bana, K. Bedard, and M. Rossin-slater, "the Impacts of Paid Family Leave Benefits :," *NBER Work. Pap.*, 2018.
- [9] T. Costs, C. Markets, M. Competition, T. Markets, I. Inequality, and C. Choice, *Firm Behavior and the organization oF industry the economics oF LaBor markets*. 2018.
- [10] C. Choe, R. L. Oaxaca, and F. Renna, "Constrained vs unconstrained labor supply: the economics of dual job holding," *J. Popul. Econ.*, 2018.

## CHAPTER 2

### A STUDY ON LABOUR PROBLEMS IN DEVELOPING ECONOMY

---

Mr. Najrullah Khan, Assistant Professor  
Department of Statistics, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

As these countries work to achieve economic growth and sustainable development, the difficulties faced by the labour market in emerging economies have come to the fore. The multidimensional character of labour challenges in emerging countries is examined in this abstract, which also examines the main problems, their underlying causes, and prospective remedies. The abstract begins by listing some of the most significant labour issues encountered by emerging countries. These problems include high unemployment rates, underemployment, unregulated labour markets, abusive working conditions, and insufficient labour laws. The abstract also emphasises how common child labour is and how gender-based discrimination exacerbates the complexity of labour issues in these environments. The abstract then explores the primary reasons for labour market issues in emerging nations. Rapid population increase, subpar educational systems, poor infrastructure, and shaky labour market institutions are some of the factors that contribute to the continuation of labour challenges. These difficulties may be made worse by macroeconomic volatility, inefficient governance, and the effects of globalisation. The final section of the abstract explores possible solutions to the labour market issues in emerging nations. Policymakers and other interested parties should prioritise encouraging equitable economic growth, making investments in education and skill development, and increasing labour market flexibility while providing proper worker safeguards. Worker empowerment and the creation of a more equitable workplace may be achieved through strengthening labour laws, upholding rules, and encouraging collective bargaining.

#### **KEYWORDS:**

Economics, Labour, Productivity, Security, Welfare.

#### **INTRODUCTION**

Labour issues posed a severe threat to society and required a solution, if not to completely abolish them, then at the very least to reduce them. Because they were readily accessible and simple to replace, employers focused only on the upkeep of machines and the advancement of technical knowledge, completely ignoring the human hands used to operate the machinery. Workers were uneducated and underprivileged from the start, thus they were unaware of their rights. The worker's socioeconomic standing was far lower than that of the employer. As a result, they were unable to exercise their right to free choice by negotiating a job offer with the company. The majority of the time, they take advantage of the terrible working circumstances and impose their own rules about pay, work hours, leave, etc. The employees had little option but to agree to these conditions as service was their only source of income. Due to their overemphasis on the non-interference and contract freedom principles, neither the government nor the legal system paid particular attention to these issues. As a result, as time passed, the modification worsened and the community was badly impacted to the point that the government was forced to intervene to address the issues [1], [2].



## **Labour Peculiarities**

Before discussing labour issues in the growing economy, it is important to understand the numerous labour characteristics, since these particular are also to blame for the various labour issues. It is crucial to remember that labour differs blatantly from other manufacturing elements. The fact that labour is a living creature makes all the difference. It may be distinguished from the other production variables by a few specific traits. Such traits, which have been covered here, are sometimes referred to as labour idiosyncrasies.

The basic attribute of is that it cannot exist without the laborer's person. To deliver the products, the worker must go alone. Therefore, the working conditions for labourers are of the highest importance. Second, the worker just sells his labour and keeps his own property. Therefore, the labour investment is crucial for his training and effectiveness. Thirdly, labour is a finite resource. If a worker misses one day of work, that day is gone forever. It is impossible to stockpile labour like other commodities.

Fourth, even if wages decrease, the supply of workers cannot be quickly reduced. This is also the ideal period for youngsters to form groups or for adults to pursue training programmes to expand the working force. Therefore, there cannot be a quick adjustment of the labour supply to the labour demand. Fifth, capital is more productive than labour alone since it aids in production. The productivity of a contemporary machine is incomparable to that of a man. Due to this, in a market economy, the owner of capital is entitled to and receives a bigger portion of the national dividend than do workers.

Sixthly, unlike capital, labour is not as mobile. People prefer to stay there rather than relocate due to variations in the environment, styles, customs, languages, etc. Seventhly, it must be remembered that labour serves as both the primary means and the final output of production. The economic issues facing workers as a consumer, such as the cost of living, the quality of living, and poverty, are significant topics in labour economics. The examination of issues related to employment must also take into account moral, social, and other factors that have an impact on people since labour is a human aspect in addition to economic factors. Thus, there are numerous facets to labour difficulties, including economic, political, psychological, sociological, legal, historical, and administrative ones.

## **Increased Labour Problems**

The aforementioned anomalies result in a variety of labor-related issues. Whoever believes that labour problems can only exist in a capitalist economy and that they cannot exist in a controlled or socialist economy is living in a fool's paradise. Regardless of the type of economic system, whether it is a developing economy or any other type of economy and administration, without solving these problems, productive efficiency will suffer in every country. The labour issue will always exist as long as labour is seen as a distinct element of production, provided by different agents than those who supply other factors. However, depending on the economic structure, these issues may vary in severity and intensity. As a result, in small-scale companies where there are neither employers nor workers, nor do the numerous inputs of production come from a single supplier, labour is not created. The creation of large-scale enterprises where different production inputs were provided by various agents led to the globalisation of labour movements.

There are various disparities and conflicts occur as each agent strives to get the maximum portion of the profit. In a free or capitalist economy, these discrepancies and tensions become more evident and acute<sup>4</sup>. This is owing to the aforementioned idiosyncrasies of labour and profit motivation. If employees are not effectively organised into powerful unions or government laws for the protection of workers are insufficiently effective, there is a higher risk of labour exploitation. Even in a socialist economy, however, there may still be conflicts between the interests of the government or the ruling party and those of the workforce. The employee could protest for improved working conditions or greater pay. Mahatma Gandhi put a strong focus on small scale enterprises, as seen by the strikes for worker raises and other governmental initiatives in India. As a result, these events are not without importance<sup>[3], [4]</sup>.

## DISCUSSION

### **Labour Considerations in A Developing Economy**

The improvement of the quality of life is the goal of economic development. In the broad sense, labour, taken as the labour force, is the most abundant resource available in the economy; therefore, sustained and stable growth depends in a very large measure on the proper utilisation of this resource (man power). Furthermore, because labour represents the poorer and frequently exploited section of the society, the larger objective of economic development is to raise the standard of living. A specific study should also be done on the issues facing the industrial workforce in emerging nations since a portion of this workforce is directly affected by these issues and the effectiveness with which they are resolved has an impact on how the economy of the nation develops. The lack of capital, which may be remedied by mobilising excess labour for the production of capital, is a major obstacle to the economic development plans of so-called underdeveloped or developing nations. As a result, both economic advances and the required movement of manpower from farm to industry.

Problems are caused by psychological and social adaptations and adaption, not geographic labour mobility. It is therefore difficult to overstate the significance of suitable labour in circumstances where labour rather than capital is the main source of factor accumulation<sup>6</sup> because long-term problems have become a sine qua non of industrial growth in these cases. It is very crucial to mention in this regard that an industrialization project for developing nations depends on both the training of this work force in industrial vocations and the recruitment of excess agricultural or rural manpower. In general, therefore, both the size and the calibre of the work force are crucial for economic planning. Unaware of this, little changes cannot address the issue of skill creation.

In addition to the aforementioned issues, the labour issues in emerging nations that are linked to the larger economic issues influence the interests of wage workers in nations like India. As an example, consider the issues raised by rising salaries vs capital creation. If necessary, choose between capital development and employment on the one hand, and greater salaries on the other. Similar decisions must be taken on how to raise the quality of living for workers, such as by paying them better salaries or by enhancing and expanding social security and other welfare programmes, etc<sup>[5], [6]</sup>. Overall, it will be clear that the underdeveloped countries need a new approach to labour that can spur research into the issue of industrialization. This approach is likely to help with economic planning as well as make labour in the field of economics a useful auxiliary to the general theory of economic growth in general and of underdeveloped countries like India in particular. The economic growth of nations like our own is in transition. With the

improved labour market in these nations and the subsequent rise in the importance of the work force in these nations, consciousness towards labour is rising. A thorough examination of labour and its numerous issues is required given the trend towards fast industrialization and a solid economic base. In the economy of today, labour serves as both the start and the finish line for all economic activity. In the economy, everything is done to increase welfare steadily, and all attempts to achieve this are labor-intensive. Since everything is done for the labour, the labour is the intended outcome of the actions.

Since nothing can be accomplished without the aid of labour force, it also serves as the implementing or goal-realizing agency. Labour issues in developing economies take on additional dimensions. Given that the Indian economy is oriented towards a socialist economic framework, the situation is highly volatile. In India, employer-employee relations often experience fluctuations as a result of the country's cyclical economic growth. Without the fading of such sentiments, the socialistic spirit cannot be nurtured in the working force. The imperialistic tone is withering away from the Indian scene. These constantly shifting conditions have a lot to do with the acceleration of economic growth. Dealing with issues before the work force requires great attention. New industrial experience has an impact on the economic ocean's coasts. It is crucial to provide different measures and policies the consideration they deserve in light of the demands and preferences of this human counterpart labour in the nation's economic system.

Lack of fulfilment of the most basic needs of workers is what gave rise to the labour dilemma. When the most important goals are not met, people start to get agitated and use their resources to engage in boycotts, strikes, and other undesirable actions. Sociology has a connection to the workplace issues. The primary responsibility of the sociologist is to address all of these issues. It is referred to as the study of how individuals make a livelihood in economics. For most people who don't generate the majority of the products and services they use, there are two main categories of economic activity that make up the process of earning a livelihood. The need for an income is one of these forms of activity, and the use of that money to pay for products, services, insurance, bank accounts, or other requirements, conveniences, or pleasures of daily living is another.

### **Social and economic significance of labour issues**

"Labour issues have emerged in a number of nations as a result of the advent and evolution of modern enterprises with complex industrial systems. The rights and privileges of workers have been attempted to be safeguarded primarily by law in every industrially developed country in the globe; as a result, labour legislation plays a significant role in the political life of a nation. It has economic relevance since it gives labour access to resources that it cannot get on its own and aims to create positive relationships between employers and employees. In addition, the controversy surrounding the fundamentals of law and social security measures, as well as the role that labour policy plays in the general administration of the nation, make it a topic of great interest<sup>8</sup>.

when was already said, the severity of labour issues often grows when a nation's industrial operations pick up pace. For e.g. India shares the economic and social instability brought on by industrialism with other nations. Labour issues have become worse with the rise of industry. These issues have unique effects in addition to their economic impact. Both the industry and the general public care about the wellbeing of the worker. The states and social reformers both face

issues with wages, industrial peace, strikes and lockouts, industrial housing, worker health and productivity, unemployment, etc. Although some of the injustices of the past have been eliminated under social ethics, labour exploitation continues, and the effects are clearly seen in the state of the worker[7], [8].

There are many issues related to various nations across the globe, even though the severity of labour issues often grows with the pace of industrial activity. Whatever the origins of the working classes in different countries, they have undoubtedly contributed to the emergence of significant social and economic issues with housing, welfare, and social security as well as employment conditions, work hours, and health and sanitation both inside and outside of factories and workshops. The issue of worker salaries and earnings in many sectors is critically important, not only because it directly affects every worker but also because it often holds the key to solving a number of other issues that affect workers in all nations. However, the issue of establishing peace in industry is of particular relevance and arguably merits top priority in many nations from the perspective of the role of workers in a country's economic growth.

As a result, the solution to these difficulties may be referred to as a labour problem since they were brought about by the negative effects of industrialization and the inability of the employer to react to the needs of his employees. Therefore, it is crucial to critically analyse these numerous issues in order to provide a comprehensive understanding from both a theoretical and a practical aspect.

### **The Labour Problems and the Solution For Developing Economic**

The following categories might be used to address the key issues:

- 1) Unemployment
- 2) Wage problem
- 3) Extended working hours
- 4) Labour migration
- 5) Labour turnover and absenteeism
- 6) Disease and industrial accidents
- 7) A lack of uniformity and unity within the workforce
- 8) Lack of resources and education
- 9) Political corruption

### **Employment Problem**

In the contemporary era, unemployment, or the inability of a person willing and able to work under fair conditions to find adequate job which they are not obtaining, is the most serious issue in a developing nation. Since the jobless do not contribute in any way to the development of the country, it is essentially a loss for the country. Unemployment instantly lowers income, which is clear, and because savings are often inadequate to maintain the family for an extended period of time, the outcome is a decline in quality of living. Therefore, unemployment promises severe deprivation in food, clothes, etc. and brings sorrow to both the directly afflicted individual and his family. Therefore, an all-out effort is required to solve the unemployment problem. Some solutions include developing the nation's resources through increased investments, capital equipment, industrialization in both large and small sectors, agriculture reorganisation, a job-oriented educational system, manpower planning, checks on population growth, sound monetary

and fiscal policies, among others. In this context, it is also recommended that labour exchanges be set up to balance the supply and demand of labour, provide workers more consistent employment, and lessen the negative effects of casual work. By implementing public work projects like the construction of public structures, trains, roads, canals, etc., the public's need for labour may be enhanced. In addition to providing employment for individuals already engaged in such labour, this will also encourage private business by raising consumer demand on the part of those employees.

### **Relation To Wages**

The wage issue is so significant that it has always captured the interest of all perceptive individuals in all growing economies. "It is undeniable that the salaries are the focal point around which the majority of labour issues revolve. The major source of conflict in labour disputes is wages. They are the major source of revenue for the employee. His family's well-being and his ability to support them both rely on his salary. Because India is an example of a developing economy that needs a quick fix, the issue is more challenging and pressing there. Therefore, the salary is quite important to the employee. The wage earner's efficiency and well-being are impacted by their income. Greater desire satisfaction results from or is caused by higher earnings.

The significance of the pay issue is further underscored by the fact that most factories have an abundance of wage rates and unscientific wage differentials, and that there is no strategy in place to address these issues. The issue of setting a minimum salary for the job is very crucial right now since businesses have a propensity to take advantage of their employees. As a result, choosing the appropriate wage policy depends on a variety of factors, such as cost of living, family size, industry pay capacity, labour productivity, etc. In order to lessen income and wealth disparities, the issue must be addressed from both an economic and social perspective. Therefore, one of the most significant and complicated issues that has to be resolved right once is the pay problem.

### **Long Work Hours**

The amount of hours a person works has a major impact on their productivity and health. Long working hours inevitably cause an employee to get fatigued and slack off on his job. His deteriorating health is often a result of his weariness, which eventually has an impact on his effectiveness. Men are often seen leaving their equipment unattended, necessitating the need of extra personnel to maintain the idlers' machinery. Long hours not only exhaust a worker physically but also keep him or her away from home for an extended period of time, making it impossible for him or her to properly care for the needs of his or her family members, engage in physical and mental leisure, or prioritise his or her social wellbeing. They become less productive and disengaged at work.

Therefore, it may be claimed that exhausting working conditions and lengthy workdays are further causes of inefficiency, standing in stark contrast to the worker's home environment. The impact of excessive hours on employees must be considered across a number of years. Less hours work helps to lessen the pressure that current industrial conditions have on the workforce. The duration of a man's working life may be less than that of a guy whose hours are more acceptable even if he may work for a long period on a physically demanding job for a dozen or more hours every day. Long working days added to a short working life result in an overall lower

level of productivity than short working days added to a longer working life. The effectiveness of the workers is always increased when excessive weariness is avoided, and their risk of illness and accidents is reduced. The aforementioned actions are crucial in a growing nation where industry's main goal is to enhance output. The worker might carry out their duties more effectively and pleasantly with regular working hours and breaks. Therefore, the issue of a decrease in the number of hours worked has always been crucial for industrial employees[9], [10].

One of the defining characteristics of the industrial workforce in developing nations is that it has tended to be migratory in the sense that the majority of employees in most sectors do not identify their workplace as their hometown. While there are large industrial hubs that draw a permanent class of industrial workers to industrialised nations where industry has deep roots and totally detached frame land. The majority of the workers in such nations were raised in towns and have no links to the nearby villages, thus their sole source of income is their salary. However, in developing nations, the majority of unskilled manufacturing employees come from nearby villages and maintain connections with them, which leads to a number of issues. The worker works and lives in conditions that are radically different from many things he has previously encountered and are new to him. While in the city, the worker is imprisoned within the vast wall of the factory and is stunned by the clang and whirl of machinery. In the village, the worker is spasmodic with large periods of leisure. They are required to work nonstop for extended periods of time and are exposed to harsh discipline, which puts a severe strain on their bodies and minds, causes them great misery, and reduces their productivity.

### CONCLUSION

Aiming for targeted measures that place a priority on education, social safety, and women's empowerment is also necessary to address child labour and gender inequities. Corporations may significantly improve working conditions in underdeveloped countries by implementing sustainable and ethical business practises. In order to effectively address labour issues in emerging countries, the abstract emphasises the need of a complete strategy. It is crucial for governments, corporations, and civil society to work together to create practical, long-lasting solutions.

Developing nations may foster an atmosphere that supports employees, advancing social development and long-term economic success, by placing a high priority on labour rights and dignity. The significance of resolving labour issues in emerging countries is highlighted by this abstract's conclusion in order to promote equitable and sustainable development. These countries can unleash the full potential of their workforce and open the door for a more fair and equitable future by understanding the intricate interaction of numerous elements and putting evidence-based initiatives into practise.

### REFERENCES:

- [1] M. C. Gómez and C. Borrastero, "Innovation, productive inequality and labor inequality in Argentinean manufacturing firms," *Desarro. Soc.*, 2018.
- [2] J. Fudge, "Modern Slavery, Unfree Labour and the Labour Market: The Social Dynamics of Legal Characterization," *Soc. Leg. Stud.*, 2018.

- [3] A. V. Babkin, D. D. Burkaltseva, A. V. Betskov, H. S. Kilyaskhanov, A. S. Tyulin, and I. V. Kurianova, "Automation digitalization blockchain: Trends and implementation problems," *Int. J. Eng. Technol.*, 2018.
- [4] A. Terada-Hagiwara, S. Camingue, and J. E. Zveglich, "Gender Pay Gap: A Macro Perspective," *SSRN Electron. J.*, 2018.
- [5] M. C. Gómez and C. Borrastero, "Innovación tecnológica y desigualdad productiva y laboral en las empresas manufactureras argentinas," *Rev. Desarro. y Soc.*, 2018.
- [6] L. Desfontaines and E. Korchagina, "Modern-day Russia and the problems of the 'silver' generation in the digital millennium," *SHS Web Conf.*, 2018.
- [7] L. Marmul' and I. Romaniuk, "Improving the structure of the labor market of agricultural territories by developing agricultural green tourism enterprises," *Univ. Econ. Bull.*, 2018.
- [8] Y. C. Wu, Y. J. Wu, and S. M. Wu, "Development and challenges of social enterprises in Taiwan-from the perspective of community development," *Sustain.*, 2018.
- [9] N. Artukhova, I. Roshchina, G. Kalyanova, and M. Katz, "A Concept Model of Mining Monotowns Sustainable Development," in *E3S Web of Conferences*, 2018.
- [10] R. Sagiyeva, A. Zhuparova, R. Ruzanov, R. Doszhan, and A. Askerov, "Intellectual input of development by knowledge-based economy: Problems of measuring in countries with developing markets," *Entrep. Sustain. Issues*, 2018.

## CHAPTER 3

### A BRIEF STUDY ON POVERTY AND EDUCATION DEFICIENCY

---

Ms. Sheena Agarwal, Assistant Professor  
Department of Statistics, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

Lack of education and poverty are two interrelated socioeconomic issues that continue to impede the development of people and communities across the globe. This abstract explores the intricate connection between education and poverty, looking at how one feeds the other in a cycle of disadvantage and illiteracy. The negative effects of poverty on educational chances are examined in the first section of the abstract. Due to families' struggles to make ends meet, it may be difficult for them to pay for school fees, textbooks, and other necessary educational materials. This limits access to excellent education. Additionally, less fortunate kids can be compelled to leave school in order to help support their families, creating a cycle of inadequate education and extending poverty through generations. The second section looks at the ways that a lack of education contributes to poverty. People without a good education are more likely to have fewer work opportunities and lower earning potential, which limits their capacity to overcome poverty. Lack of education may also contribute to social exclusion and inequality since those who lack access to education and training may find it difficult to participate in civic life and fight for their rights. The next section of the abstract looks at how social programmes and government policies might be used to solve the related problems of poverty and education inequality. Targeted interventions may assist break the cycle and provide chances for impoverished pupils to obtain education, such as scholarships, school nutrition programmes, and access to free or subsidised education.

#### **KEYWORDS:**

Economics, Health, Labour, Productivity, Security, Welfare.

#### **INTRODUCTION**

The worker's health is far more at risk in the crowded city than it is in the rural due to the unhygienic practises of the people. The fact that the vast majority of them must leave their wives in the villages only makes their already poor health worse. Deprived of the wholesome pleasure of family life, they are more susceptible to the temptations of prostitution, alcoholism, and gambling that are prevalent in all industrial centres.

All of the aforementioned factors, in particular at first, have a tendency to cause a depressive state, and when, as is frequently the case, illness strikes and there are inadequate provisions for caring for the worker at such times, there is a strong tendency to go back and endure the provisions of the village rather than the hardships of the town. As the labour force is constantly changing, workers' productivity suffers as well because they cannot get enough training. When a worker returns to their communities and often does not come back, the employers' efforts and entrepreneurship in providing them with training are wasted. The nomadic nature also has a negative impact on industrial organisation, which results in an unhealthy expansion of trade unions and makes it difficult for members to pay dues since they do not move to cities to live



permanently. Therefore, the worker movement factor is the most detrimental to emerging nations, where a permanent labour force is required to advance in the industrial sector. The issue now is whether attempts should be made to create an industrial population that is detached from the villages or if interaction with the villages should be kept up and encouraged. Here, it is important to note the recommendation made by the labour inquiry committee [1], [2].

The labour inquiry committee made the point that the general improvement of working and living conditions in the industries where such workers were required to work may lead to a more stable labour market. The All India Trade Union Congress and other employers were mentioned by the committee in this regard. Everyone may agree that a workforce force that is stabilised is ideal for business, but before this nomadic nature can be stopped, housing conditions, pay, living and working conditions, social programmes, and other amenities must be addressed. According to the committee, the majority of labourers in industrial towns are landless, and they periodically go to the village for social events, relaxation, and amusement, among other things. If such is the case, it is clear that the worker does not have a pressing need to return to the villages as often as feasible.

Nothing indicates that the job, income, housing, etc. conditions in the villages are any better than those in the cities. Undoubtedly, the communities and joint families have been a cornerstone of social security for the industrial operations. Due to the current situation and until contemporary social security measures like insurance against illness, unemployment, disability, etc. are established, the worker must embrace the villages as a source of comfort and protection. However, in my opinion, the government must continue to make an effort to provide workers in industrial towns healthier living and job circumstances if they are to have a permanent industrial population as in the west. Employers and Trade Union organisations must take proactive measures for industrial worker interests in housing financing, construction industry organisation, low income group housing programme, and slum issues and slum clearance improvement programme.

### **Labour Turnover and Absenteeism**

"The effectiveness and experience of an industry's workforce play a significant role in its success. Because of this, an industry's performance greatly depends on how much absenteeism and labour turnover it can eliminate. The employee continues to be absent for a variety of reasons, only some of which are valid. In most workplaces, sickness accounts for a significant portion of absence. Because of their low vitality, poor housing conditions, and unhygienic living conditions, workers are more susceptible to various epidemics, including cholera, small pox, and malaria, which strike in industrial districts and compel them to miss work. Therefore, absence is bad for both companies and employees. It also indicates how the workforce is responding to industrial life and causes significant introduction delays and cost increases. Since the aforementioned evil is often seen in underdeveloped nations, a quick fix is necessary.

The Bombay Textiles Labour Inquiry Committee may have provided the finest recommendations for absence management strategies, and the Labour Investigation Committee concurred. The committee claims that the best ways to reduce absenteeism include decent working conditions in the workplace, sufficient pay, protection from accidents and illness, and resources for getting time off for rest and recovery. Absenteeism may also be decreased by instilling a feeling of accountability in the workforce via good organisation, education, and participation in business

and management. Introducing an incentive salary system and tying pay and bonuses to output will both help reduce absenteeism[3], [4].

## **DISCUSSION**

Similar to how employee turnover affects job instability both directly and indirectly. Most turnover is caused by resignations and terminations, and a greater rate of turnover is detrimental to the worker's productivity as well as the quality and volume of the output. Their organisation is also impacted since workers who regularly switch between industries and mills are less cohesive as a result. Therefore, labour turnover is a significant barrier to fully utilising a nation's material and human resources, even though in India, a developing nation with a high rate of unemployment and underemployment, the national loss due to turnover may be of second order in terms of fully utilising the resources. As was previously said, high workforce turnover is particularly unfavourable since it reduces industrial productivity and efficiency. Therefore, steps must be taken to reduce workforce turnover. That suggests a wise course of action involving teamwork. The recruiting process may be improved to reduce employee turnover.

In addition, steps should be taken to enhance the employees' economic situation, provide them with job stability, and provide other amenities in industrial towns so that they won't need to go to the villages as often as they already do. The use of the Badli control system in places like Bombay may help lower workforce turnover. As a result, the Bombay Textile Enquiry Committee noted that one of the main solutions to high labour turnover is to improve the recruitment process. To achieve this, radical and effective measures like the creation of employment exchanges, limitations on the authority of jobbers, and an effective personnel department organisation are needed. The labour force will also be more stable than it is now with the improvement of working conditions, welfare activities, social insurance plan, leave and holidays, higher salaries, worker engagement in management, etc. Additionally, it is important to promote and enhance worker organisation, which should increase worker stability in industrial settings[5], [6].

### **Industrial diseases and accidents**

A number of workers pass away from accidents and occupational diseases. In order for the workforce to be free from personal concerns, both the public and commercial sectors should work to eliminate occupational illnesses and injuries. Therefore, an essential component of the endeavour to reduce accidents in industry is worker training. Accident prevention is a team effort between management, supervisors, safety engineers, and employees. By employing safety equipment and adhering to the safety instructions, the employer and his supervisors must adopt the proper approach based on good principles, and the employee must voluntarily collaborate. However, the employer and his supervisors must really and actively wish to avoid accidents. This is the first and most important condition.

### **Failure To Be Homogeneous And Solidar**

Another significant issue in emerging nations is the lack of solidarity and uniformity among workers. However, owing to the aforementioned issue, victimisation of workers engaged in legitimate trade union activity persisted. While the same employers had agreed to have the government or other agencies support their cause, there hasn't been much of a shift in how they

feel about labour unions. Only a robust, democratically organised trade union movement provides effective defence against exploitation.

Another barrier is the ordinary worker's poverty, which makes even a little subscription a significant hardship, especially if he is already heavily indebted. The split that exists across the lines in which trade unionism must grow creates a further barrier. It is difficult to overstate the significance of worker deductions as a tool for driving economic development in emerging nations. A diverse programme of labour education is necessary for the "maintenance of industrial peace and harmony, development of healthy labour management relations, characteristics of citizenship, understanding of one's rights and obligations, and the need to create worker solidarity. It has been said rather appropriately that a nation's significant capital stock does not reside in its physical infrastructure. The population's training and ability to apply this body of information successfully are determined by the tested findings. Thus, it is now becoming more and more evident that there is a rising demand for the sort of education that would adequately prepare workers and trade unions to handle their expanding social and economic obligations. This is especially true in less developed nations where this kind of deduction may be a significant driver of socioeconomic advancement. As a result, recent research in this area has attempted to quantify the distinct contributions of education or investment in skill development next generation as well as to economic growth. The attitude of the economist towards workers' education has changed significantly as a result.

Therefore, inadequate education and training are equally important contributors to labour inefficiencies in emerging nations. The majority of the workforce lacks even a basic education since they are illiterate. They require some time to become used to the swift and intricate workings of the equipment since they were unable to afford the time and costs for attending the schools and training facilities that are available in the nation. According to the definition above, worker education is entirely functional and must be evaluated in light of its effects on the workforce, industry, and community. In this regard, the investments made in it must provide their own returns, whether social or financial. Therefore, if effectively implemented in the area of worker's education, the recommendations issued by the National Commission on Labour (India) have a significant position for any growing nation[7], [8].

In order to eliminate worker illiteracy, the National Commission has advised the government to implement a comprehensive adult literacy initiative. According to the National Commission, frequent pre-employment shop floor training must be a component of the entire programme of worker's education in order to develop a worker into an efficient and disciplined worker. The panel also advised that, even though some of its components would fall outside of this area of action, trade unions should develop, oversee, and carry out the programme of worker education.

### **Exploitation of Politics**

The workers themselves are the source of this issue, but the leaders who organised them exacerbate it. Instead of being a social activity, it is political. The leaders want to accomplish their own goals, therefore they irritate the underpaid workers about trivial matters in which they have little personal interest. It is a very significant problem that causes revolution rather than development. Outside domination and political allegiance have a negative impact, as is primarily mentioned. First off, it has undermined the authority of the purposes union. Political consideration often has more weight than economic and social goals. Even personal advantages and biases might sometimes take precedence over the actual goal of work.

In reality, as workers grow more educated and aware, the problem of outsiders in unions may very well be anticipated to resolve itself gradually in the majority of developing nations. The spread of worker education, increased focus on training trade unionists, and other factors will go a long way towards empowering union officials with significant responsibilities and giving them the self-assurance they need to develop competent internal leadership. In this way, political exploitation of the working class may be reduced to some extent.

It may be argued that in the majority of emerging nations, forces are already in place that aim to solve the aforementioned issues. Trade unions have shown governmental encouragement and backing, and worker education is growing. The power of jobber will be lessened by improvements to the system of hiring via employment exchanges and labour officials. Class awareness is quickly growing in emerging nations. Due to the negative effects that these issues have on the output of their sectors, employers and rapidly expanding nations have altered their attitudes towards addressing these issues. They believed that investing in labour welfare was a strategy worth pursuing since a motivated worker would provide better results and boost productivity.

Since employees made up a sizable portion of society, the governments of emerging nations gradually recognised the seriousness of the issues and were unable to stand by and do nothing. Additionally, the government of that sort of nation was forced to step in and mediate disagreements in order to protect the national economy and the overall welfare of society. The whole system is paralysed if a critical industry fails. The community tends to improvise when an economic system component often fails. Thus, the avoidance of industrial strikes plays a significant role in national policy, and the state cannot afford to ignore the issues that fuel such conflict. The Planning Commission is advised to handle the labour issue from two perspectives: the welfare of the working class and the stability and advancement of the nation's economy. The worker's fundamental needs for housing, clothes, and food must be met. Additionally, he need to have access to better health care, broader social security coverage, greater educational possibilities, and more recreational and cultural facilities. His working environment should be safe for his health and shield him from potential risks at work and elsewhere. The management should treat him with respect, and if he doesn't receive a fair deal, he should have access to unbiased machines. Last but not least, he should be allowed to organise and use legal methods to advance his rights and interests. All emerging nations should abide by the aforementioned suggestions.

Given the aforementioned view, labour issues might be simply resolved. It's crucial to remember that there is now a permanent labour movement, and the forces necessary to put an end to the different comings are already in place. Combining the social assistant and social insurance approaches, or instilling a sense of social security in the workers' minds, is the most practical way to address the labour issues[9], [10]. International Labour Office Comments in the aforementioned circumstances "In the backdrop of industrial growth, the labour challenges are noticeable. Because labour is a rational production input, it should not be regarded as a commodity. The relationship between employers and employees, as well as the way the employer class views these issues, hold the key to finding a solution. It is not a heavenly blessing to rule forever; rather, it is only a conflict between the providers of the two production components, labour and capital.

Many labour issues that arise in emerging nations. The labour crisis in emerging economies warrants further research and focus. Therefore, a discussion of the nature causes and their development has been included in this unit's introduction. The significance of these issues from a socioeconomic perspective has also been discussed. Every issue has been thoroughly covered, along with its causes and solutions. The suggestions provided by the different commissions and committees have been accorded significant weight. Following are the main debate points:

1. Labour problem: Labour problems are issues that workers have at work that force them to use resources to solve them and sometimes resort to strikes if they are not addressed appropriately.
2. Type of Labour Problem: There are many different types of labour difficulties, including political exploitation, poverty, lack of education, salary disputes, hours of work disputes, labour migration disputes, and absenteeism and turnover.
3. The creation of labour difficulties is caused by workers' dissatisfaction with the necessities, such as employment, a fair salary, housing accommodations, safe working conditions, and regular working hours.

Improved living and working circumstances for employees, more educational opportunities, a mix of social assistance and social insurance policies, and a reduction in working hours are all reduction measures. Labour policy has to place a strong emphasis on worker independence. The employer will need to adjust their mindset. Public opinion needs to be more watchful and aware on labour issues. Welfare and social security programmes must be properly implemented.

### CONCLUSION

It emphasizes the significance of tackling both poverty and the lack of education at the same time, acknowledging the way in which they are mutually reinforcing. Approaches with several facets that address the core causes of poverty and provide access to high-quality education may promote sustainable development, give people power, and enhance communities. In order to overcome the cycle of poverty and education inequality, this abstract emphasises the urgent need for concerted efforts by governments, institutions, and communities. By tackling these linked issues, society may advance towards a more just and prosperous future in which education serves as a potent means of releasing people from the chains of poverty.

### REFERENCES:

- [1] I. Bayoumi *et al.*, "Iron deficiency among low income Canadian toddlers: A cross-sectional feasibility study in a Community Health Centre and non-Community Health Centre sites," *BMC Fam. Pract.*, 2018.
- [2] S. Oktaria, N. S. Hurif, W. Naim, H. B. Thio, T. E. C. Nijsten, and J. H. Richardus, "Dietary diversity and poverty as risk factors for leprosy in Indonesia: A case-control study," *PLoS Negl. Trop. Dis.*, 2018.
- [3] X. J. Sun and Y. J. Guo, "The ways of educational targeted poverty alleviation for the poor in rural areas in Chongqing," *Kuram ve Uygulamada Egit. Bilim.*, 2018.
- [4] P. Thị Tuyết Vân, "Education as a breaker of poverty: a critical perspective," *Pap. Soc. Pedagog.*, 2018.

- [5] Q. Wen, L. Shi, C. Ma, and Y. Wang, “Spatial heterogeneity of multidimensional poverty at the village level: Loess Plateau,” *Dili Xuebao/Acta Geogr. Sin.*, 2018.
- [6] R. Baniya, U. Shrestha, and M. Karn, “Local and Community Well-Being through Community Based Tourism – A Study of Transformative Effect,” *J. Tour. Hosp. Educ.*, 2018.
- [7] M. Tormo-Santamaría, E. M. Trescastro-López, M. E. Galiana-Sánchez, M. Pascual-Artiaga, and J. Bernabeu-Mestre, “Malnutrition and inequalities in developmentalist Spain: Rural food and nutrition surveys,” *Nutr. Hosp.*, 2018.
- [8] A. U. Rahman, “Iron deficiency anemia (IDA) in preschool children of district Dir Lower Khyber Pakhtoonkhwa Pakistan,” *Pure Appl. Biol.*, 2018.
- [9] M. Qasim, S. Ahmad, S. Akhtar, S. Imran, and K. N. Qureshi, “Urban Population Behaviour and Knowledge Assessment about Water Quality, Consumption, and Conservation in Pakistan,” *Environ. Ecol. Res.*, 2018.
- [10] Z. Xu and K. Cepa, “Getting college-ready during state transition toward the common core state standards,” *Teach. Coll. Rec.*, 2018.

## CHAPTER 4

### CHARACTERISTICS OF LABOUR FORCE IN INDIA

---

Dr. A.K. Chauhan, Professor  
Department of Mathematics, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

The workforce in India is diversified and dynamic, making a substantial contribution to the country's economic and social structure. The main features of the Indian labour force are examined in this abstract, including its size, demographic makeup, employment trends, and issues that it is now facing. The abstract opens by emphasising the massive labour force that India has, which is among the biggest in the world. It explores demographic characteristics, revealing that a significant section of the population is made up of young people under the age of 30, indicating a potential demographic dividend for the nation if properly tapped. To fully use the potential of this young workforce, it also highlights the need for proper skill development and job options. The abstract then examines how employment is distributed across sectors within India's labour force. It analyses the dominance of the agricultural, industrial, and service sectors and outlines the shift from agrarian-based employment to the service sector's rising supremacy. The concerns of poor productivity, underemployment, and the seasonal nature of work, which provide substantial barriers to sustainable livelihoods for a considerable percentage of the labour population, are also addressed. The abstract also explores how globalisation and technological progress have affected India's labour sector. Traditional job responsibilities have been altered by automation and digitalization, which has resulted in job displacement as well as job creation. This has made it necessary for the workforce to upskill and become more adaptable. Although it has increased competition and placed pressure on labour standards, globalisation has also opened up new doors for job prospects.

#### **KEYWORDS:**

Family, Labour, Political, Social, Trade.

#### **INTRODUCTION**

The purpose of this unit is to familiarise the students with the nature, origins, composition, and features of the growth of the labour force in India. Similar to the USA, India is largely "a nation of employees," with the percentage of the population that works for pay or other compensation continually increasing both in absolute numbers and in relation to the total population. The students should make an effort to have a good understanding of the "Labour Force," as those individuals in the labour market are known, including their location, age, level of education, kind of employment, etc. However, the work force is unavoidably a component and byproduct of the nation's population. The phrase "human resource development" has now been created to refer to any issues involving people and their employment in the industrial and socio-economic sectors across the globe. Frederick H. Harbinson and Charles claim

Human resource development is a more accurate and trustworthy sign of modernization and progress than any other single metric, according to A. Myres. Additionally, it is one of the

prerequisites for all types of progress, whether it be social, political, cultural, or economic. A country's development is influenced by its geographical position, terms of commerce, and political ties with other nations. All analyses of growth and modernisation should logically begin with an evaluation of human resource development[1], [2].

### **The Growth of India's Labour Force**

The background of India's industrial growth, which is covered here, may be used to analyse the formation of industrial force in India. The changes brought about by the industrial revolution in England also gave birth to new socioeconomic issues. The previous notion of "free contract" or "Laissez fair" started to fall apart when the factory system, which required massive capital expenditures, natural resources, and labour, superseded the old industrial order. Although the industrial revolution in England was an evolutionary process, the revolutionary and profound changes it brought about give it a label that is well deserving.

By the 19th century, England was the most powerful country on earth because to the Industrial Revolution. India was a British colony at the time, and the effects of England's Industrial Revolution were certain to materialise in India. Growing industries necessitated that raw materials be supplied for enterprises and offered markets for their output. British policy was based on colonisation overseas and laissez-faire domestically. India was forbidden from constructing factories for manufacturing. train construction is being done by the government. Control was determined by imperialist interests and organisational strategy rather than by the internal demands of commerce or traffic. However, these changes were unable to slow India's manufacturing system's growth. Growing nationalism and a push for Swadeshi products became the norm.

Thus, industrialisation started to take shape and was influenced by the British Experience. However, India's industrial growth happened gradually; the impact of nationalism on economic reforms and industrialization began about 1860, when the cotton and jute textile industries were founded in Mumbai and Kolkata, respectively. Indigenous businesspeople did not become well-known until the 1870s or 1880s, and the majority of their capital was used in the commercial rather than the industrial sectors. In reality, European-controlled companies employed more than half of the workforce in the modern manufacturing sector as late as 1915, such was the dominance of British and other foreign capital in industry. The main industries in which the workforce is employed are listed below.

1. Agriculture.
2. Quarrying and mining.
3. Supply of electricity, gas, and water.
4. Construction.
5. Trade
6. Transport
7. Financing business services, real estate, and insurance
8. Community, social, and personal services
9. Personal, social, and community service.

According to Charles Myres, "Industrialization requires not only the hiring and training of an industrial labour force but also to that workforce's commitment towards an industrial way of life as opposed to an agricultural one, and as an economically underdeveloped nation moves towards



the growing industrial cities. However, attachments to the hamlet and the land could still be strong. Much slower than the initial hiring of enough employees to staff the factories and mills is the formation of a workforce force that accepts the rules of industrial labour and the rigours of urban life. The industrial labour force has grown significantly during the last forty years. According to data accessible up to 1991, there were around 315 million industrial workers in India. The table provides information about labour employment in India[3], [4].

## DISCUSSION

### Aspects of the labour force

#### Leap from the land:

Large groups of agricultural workers eager to relocate for jobs in cities were created by changes that happened in Indian agriculture. These adjustments have a direct impact on the expansion of the industrial labour force. Independent, self-sufficient communities characterised the Indian economy throughout the Pre-British Period. Local craftsmen took care of non-agricultural requirements while taxes were often paid with the village's output. The British imposed a rather rigid need for cash payment of taxes along with processes for transferring ownership of property to others, often the tax collector, when taxes weren't paid. The number of semi-free or unfree agricultural labourers grew as a result of a poor harvest or other challenges coupled with the loss of land rights. The fast expansion in population, particularly after 1921, encouraged the practise of subdividing land among craftsmen even into unprofitably tiny plots and further contributed to the rule poor he met in population.

The significance of this push from the land for the character of India's industrial labour force would be noted in many cases where those who migrated to the cities were not only poor agricultural labourers but they were also from the lower castes, and had less to use by leaving the security of the village. However, despite the poverty that the average village faced, the socio-economic structure frequently held him and even today attracts him back from the city. The joint family is a typical Indian rural family. Family members who are elderly, incompetent, or jobless are cared for by the other members; as a result, the family functions as a social security "System". The impact of the caste system on social interactions and professional choice serves to maintain the sense of stability. Even though caste is becoming less important, it still influences certain employment choices and may influence the traditional villager's choice of bride and social circle.

However, the tight social structure could also inspire a desire, particularly among the lowest castes, to escape the imposed economic and social subjugation. Economic pressure might also drive agricultural labourers into the city, more or less independent of caste. The extent of the ensuing rural-urban migration across. The fact that despite India's population grew by nearly 50% between 1901 and 1951 is an example of the previous 50 years. Chennai, Mumbai, Kolkata, and New Delhi all had growth of more than 235%. In addition to the push from the countryside, labourers were drawn to the metropolis by the comparatively high earnings of industrial jobs. Many times, hiring was done via labourers, brokers, and contractors. These males typically sought out relatives, family, and other subcaste members in their own community. When a worker arrived in the city, job security was thus far from guaranteed since they were often given a commission by the businesses for the quantity they hired. In order to maintain his job, be promoted, gain time off, or find other employment, the worker often had to pay a commission to

the jobbers. Since they had hired the employees, knew them well, and often spoke their language, jobbers also served as first-line supervisors in the coal mining industry and numerous other sectors.

### **Rate of Development of the Labour Force:**

The Mumbai Textile Industry Experience is instructive on this point. Despite a plentiful labour supply and jobbers handling hiring and day-to-day supervision, top management failed to demonstrate systematic and sustained interest in the labour problem in the majority of cases. This failure can be attributed to the speculative nature of early Indian and European management. According to one investigator, the workforce at Mills before to 1934 was "little more than a vast seething mob, with few loyalties and even less disciplined"<sup>22</sup>. There was no lack of unskilled employees during the eight years before to the state's involvement in 1934 to restore order to the labour force, and the mills were enormously lucrative. Despite this, businesses made no significant efforts to modify the situation. Although manpower was inexpensive, imported capital equipment was pricey. Therefore, there was minimal worry about the workforce's efficiency and discipline. When employers sought to rationalise and cut wages in the face of rising competition in the 1920s, they were met with a whirlwind of industrial unrest, strikes, and unionisation in which the communist played a significant part.

The Mumbai state government's involvement was the only thing that allowed the work force to be organised and disciplined. is a series of laws passed starting in 1934. A dominant union affiliated with the strongest National Trade Union Federation then developed to provide stability and direction to the aspirations of the workers, with some exceptions, before the mill owners association established a labour office and before it was required by the factories Act of 1948. Early on, few companies in urban centres made much of an effort to accommodate migrant workers' demands for decent housing, sanitary amenities, and other conveniences that would encourage young migrants from the rural to embrace industrial job as a way of life. Serious overcrowding, with as many as three or four independent families or people sharing a room, was a hallmark of worker housing. There was considerable congestion since single males were regularly welcomed as boarders or lodgers. However, it was also a consequence of efforts made by members of the same village or caste to unite against the hostile metropolis.

Many Indian towns lacked the infrastructure required to support villagers migrating to an urban, industrial way of life. Therefore, more requirements had to be met by the rare employer who wanted to create a steady labour force than would be required or desirable in advanced industrial nations. It is still true in India that "Paternalism" and "Welfare activities," which typified a management philosophy increasingly represented in the United States, are expected of Indian employers who want to maintain unauthorised absences reasonably low and employer's moral satisfying<sup>[5], [6]</sup>.

The industrial communities that are largely built and controlled by one company, like Jamshedpur City, which the Tata Iron and Steel Company built on the site of a small jungle village close to iron ore and coal deposits in Bihar (Eastern Portion), are the most striking examples of policies that facilitate the commitment of a stable industrial labour force. It is evident that Jamshedpur has developed a solid industrial workforce force considerably sooner than most other industrial cities due to the strategies of the Tata Management. A new factory may be placed next to a hamlet with underemployed or jobless workforce eager to accept factory

employment, as in numerous situations in India, in order to attract a steady labour force that may preserve its links to the village while working consistently in the factories.

### **Relations to the Village**

The former villagers could still feel lost in the new life of the city and the industrial even with some relatives and friends nearby. The worker is driven to occasionally visit his village or "native place," which he still considers his home, as much as the friendly physical circumstances of work or living. He feels the tug of many duties that his links to his community force on him. Approximately 56 years ago, a study of Bombay Textile employees revealed that 71% of them visited home villages at least once a year for a variety of reasons, including to satisfy religious obligations, see friends and family, assist with the harvest, and just to get away from it all. However, just 21% strongly disagreed that industrial work was problematic or demanding, and 5% said it paid too little. This supports the assertion made by labour officers and employment managers during interviews in 1954–1955, who claimed that employees on leave would take all legal means to avoid termination by their employers if they overstayed their leave. Workers who want to save their manufacturing employment at any costs, even when they also desire prolonged leave in their village, turn to telegram, imploring letters prepared by paid letter writers, and even complaints brought to the union. These employees, in a way, want to have their cake and eat it too. In that they see industrial jobs as more or less permanent jobs that may be interrupted (but not lost) by sporadic trips to the village, they are essentially committed to them.

As a result, it is not shocking to see absenteeism rates that are far higher than in nations with more developed industrial systems, with monthly rates for particular sectors sometimes approaching 25%. These policies, however, confine the partly committed worker to industrial employment and enormous rural underemployment since if he loses his job, he loses his right to depart. The industrial worker holds on to his job at all costs in an economy that is still dominated by urban employment and severe underemployment in the rural areas. As a result, compared to other industrial nations like the USA, the employee turnover rate is quite low in many sectors and businesses[7], [8].

### **The Evolution of the Labour Movement**

The industrial labour force has established various trade unions to speak out against victimisation and exploitation, among other things. The Indian Labour Movement is significant and vital in ways that go beyond the percentage it represents. It is focused on the economic development sector, has political ramifications, and rival political parties are vying for its support. In reality, the Industrial Labour Force plays a significant role in the nation's economy by working in contemporary factories, industries, transportation, mining, plantations, and commercial activities. Furthermore, since the industrial labour force is concentrated in significant metropolitan centres like Kolkata, Mumbai, Ahmedabad, Kanpur, and Jamshedpur, among others, it is one of the few observable forces in India's enormous, unorganised population.

The Indian industrial workforce represents a "elite" segment inside the nation as a result of these concentrations and their relative better economic status. Given the current focus on industrialization and economic growth within the framework of a democratic political system, the role of the Indian labour force becomes even more significance. In India, organised labour is becoming a major force in both the public and private sectors of the country's economic growth. The Indian National Trade Union Congress (INTUC) and the All India Trade Union Congress

(UTUC) are the two main trade union federations. These four national federations represent the pinnacle of Indian Unionism's organisational manifestations. The goal of all of them is to organise all work. In the major cities, foreigners are overwhelmingly in positions of leadership. The important positions of President, General Secretary, and Treasurer are held by them. Because English is still the primary language of labour law and adjudication in India, the internal leadership is ineffective due to low educational levels and a lack of proficiency in the language.

The main concerns are:

1. Unsatisfactory pay.
2. Rationalization results in labour displacement
3. Private industry ownership is believed to prevent worker engagement in management.

The call for a "living wage" or "fair wage" is prominent. Reviewing trade unionism would reveal instances of violent, chaotic expression that sometimes appears to characterize the industrial relations. The attitude of employers towards the industrial work force is likewise unfavorable. The employee may generate more work and make more money if the manager is competent. The government's function is similar. has been an active intervener since 1947. The most significant labour laws enacted during that time, location Govt. firmly in charge of the potential course that relations between labour and management may follow. In order to further our economic growth, India cannot allow free trade unions and unfettered collective bargaining in the American meaning. However, the government. has also had to make allowances for the Indian industrial labour movement's rising voice. The attitude of the workforce towards the management personnel and the bureaucracy must be changed immediately[8], [9].

### **1991's NEW Liberalized Economic Policy and Its Effects**

The work force continues to be in danger as a result of the new, liberalised economic policies of 1991. The ministry of labour, Govt. highlighted the workforce employment position, trend, strategy, and action plans to tackle the labour force unemployment caused by privatisation and the closure of companies in its Annual Report 1993–1994 for India. Table 1 displays the government's trend problems approach and action plan. from India. The formation of an industrial force in India has been explored in this section against the backdrop of industrial growth in the years leading up to and after independence. The key traits of India's industrial worker force and its organisations are also highlighted in this subject. The ministry of labour Govt. 93-94 Annual Report of India has been quoted. The current employment market, their issues, and the government's strategy and action plan. of India have also been provided in order to inform the pupils of the most recent employment market conditions.

### **CONCLUSION**

The informal labour market, which employs a sizable fraction of the Indian workers, is further examined in the abstract. It draws attention to how this industry's lack of institutional safeguards, social benefits, and job stability leaves people vulnerable to abuse. Additionally, the gender aspect is covered. Women make up a sizeable but underrepresented portion of the labour market and face obstacles to equal opportunities and wage fairness. This conclusion emphasises the need of comprehending India's labour force features in order to design sensible policies and strategies for inclusive economic growth and social development. India can maximise the potential of its

human capital and make sustained progress towards becoming a global economic powerhouse by acknowledging the diversity of the workforce and solving the issues it encounters.

#### REFERENCES:

- [1] D. Mosse, "Caste and development: Contemporary perspectives on a structure of discrimination and advantage," *World Development*. 2018.
- [2] R. Gill, "Gender stereotypes: a history of nursing in India," *Soc. Action J.*, 2018.
- [3] C. Yangfen, L. Xiande, and L. Yu, "Increasing China's Agricultural Labor Productivity: Comparison and Policy Implications from Major Agrarian Countries," *J. Resour. Ecol.*, 2018.
- [4] T. Wei, Q. Zhu, and S. Glomsrød, "How Will Demographic Characteristics of the Labor Force Matter for the Global Economy and Carbon Dioxide Emissions?," *Ecol. Econ.*, 2018.
- [5] A. Prasad and M. J. Manimala, "Circular social innovation: A new paradigm for india's sustainable development," in *Social Entrepreneurship and Sustainable Business Models: The Case of India*, 2018.
- [6] M. Asher and Y. Vora, "Social protection system in India: An assessment of the recent initiatives," in *Social Protection Goals in East Asia: Strategies and Methods to Generate Fiscal Space*, 2018.
- [7] S. S. Kolaventi, T. P. Tezeswi, and M. V. N. Siva Kumar, "A Modeling Approach to Construction Waste Management," in *Urbanization Challenges in Emerging Economies: Resilience and Sustainability of Infrastructure - Selected Papers from the ASCE India Conference 2017*, 2018.
- [8] R. Sarkar, "Influence of Women Employment on Women Empowerment in West Bengal," *Indian Counc. Soc. Sci. Res.*, 2018.
- [9] C. C. Cantarelli, B. Flybjerg, E. J. E. Molin, and B. van Wee, "Cost Overruns in Large-Scale Transport Infrastructure Projects," *Autom. Constr.*, 2018.

## CHAPTER 5

### CONCEPTUAL AND DEVELOPMENTAL ASPECTS OF EMPLOYMENT

---

Dr. Birendra Kumar Chauhan, Assistant Professor  
Department of Mathematics, IIMT University, Meerut, Uttar Pradesh, India.

#### ABSTRACT:

Every country developed or developing is facing the problem of unemployment at present. However, it is not so severe as in the year of 1930s. An unemployed worker is one who fails to find employment at the prevailing wage rate. Full employment is the state in which vacant jobs are more than unemployed men. The classical and the Keynesian theories of employment are important theories of employment determination. According to classical economists the wage rate and the level of employment are determined simultaneously at the point, where the supply curve and the demand curve for labour intersect each other but the main weakness of the classical model of employment is that it is too simple and based on many extreme assumptions. At the time of the 'great depression' the classical prescription failed to diagnose the state of unemployment in the economies. Keynes' solution to the unemployment problem lies in increasing the level of aggregate demand from the existing  $C+I+G$  curve to the higher  $C+I+G'$  by increasing government expenditure. However, in a dynamic economy the forces which determine both the demand for labour and supply of labour are constantly changing and the level of unemployment is affected by changes in real wages and changes in the rate of inflation.

#### KEYWORDS:

Development, Employment, Labour, Political, Social, Unemployment.

#### INTRODUCTION

Like any other capital, a nation's human resources must be planned for and used to their utmost potential for national growth. No matter of the kind of organisation, the goal of all economies is full employment. In the early 1980s, employment levels worldwide increased to a very high level, surpassing those of some of the 1930s' years yet falling short of those years' highest unemployment rates. Not only is unemployment wastefully high overall during this recession, but unemployment is also widely diverse structurally. Without a question, social measures implemented since the 1930s have significantly lessened the short-term economic effects of unemployment compared to prior periods. Today, controlling inflation has become a major issue. Can the government combat both the rise in employment opportunities and inflation? What part might the Employment Exchange possibly play in planning for human resources? Deep investigation must be done into these issues.

#### Unemployment

A worker who is unable to find job in the given economic environment is said to be unemployed. Although every element of production might be jobless, economists have focused particularly on labour unemployment because of the stress and suffering that unemployed people and their dependents undergo on a daily basis, including sometimes even physical pain. On occasion, the

difference between voluntary and involuntary unemployment is made. When employees who are unable to work at present salary levels are unable to obtain jobs, involuntary unemployment occurs.

Workers who are deemed capable of working but choose to stay jobless are referred to as being involuntarily unemployed. This may be done in order to continue looking for a job that is more desired or higher paying than the ones that are presently available. The term "involuntary unemployed" refers to those who are looking for work but are unable to find one at the prevailing pay rate when the wage ruling in a given labour market is for some reason above the equilibrium[1], [2].

### **Full-Employment**

William Beveridge asserts that "full employment" refers to having consistently more honourable jobs than jobless men, not only a few more. As a result, the typical time between quitting one job and obtaining another will be quite short. It also implies that the positions are at reasonable wages, of the sort, and placed where the jobless men may fairly be expected to make them. U—V analysis (U = number of unemployed employees, v = number of open positions) provides a regularly used alternative definition of the full employment level of unemployment. This method states that full employment—or the lack of a shortage or surplus of labor occurs when the number of jobless people matches the number of open positions.

the connection between unemployment and open positions. When there is a curve. Given a full employment level of unemployment of  $U_t$ , a applies, full employment occurs at point t. At this point, the reason anyone is unemployed can be attributed to either the fact that they haven't yet found a position that is suitable for them and already exists (frictional unemployment) or the fact that they aren't in the right location or have the incorrect skills or personal characteristics to fill a position that already exists (structural unemployment). As a result, employment here is full in the sense that the reason for everyone's unemployment is purely due to what can be regarded as market imperfections.

### **Employment Theory**

The classical and Keynesian ideas serve as the foundation for reemployment determination.

#### **Traditional Theory**

The relationship between total output and the amount of the variable element (labour) is shown in the diagram's bottom panel. It displays the short-run production function, which is represented by the equation  $Q = f(K, L)$ , where Q represents output, K represents fixed capital, and L represents variable labour. Utilising  $L_0$  units of work results in the production of total output  $Q_0$ . The 'full employment' level, as defined by classical economics, is this equilibrium level of employment. Therefore, the presence of jobless employees was illogical. Any unemployment that persisted at the equilibrium wage rate ( $W_0$ ) was a result of economic frictions or limitations.

The whole production  $Q_0$  would always be absorbed by aggregate demand, according to traditional economics. They ruled off the prospect of underspending or overproducing, in other words. Say's Law provides the foundation for this viewpoint. Say's Law:

- (a) Say's Law states that supply creates demand on its own, meaning that only by creating goods and services, money is made that is equivalent to the worth of the products created.

Say's Law makes sense in a barter economy where individuals create (supply) items and want other goods of equal value. Therefore, demand and supply must be equal. Say's Law still holds true in the contemporary economy. This kind of link is suggested by the circular flow of money hypothesis. For instance, the revenue generated from the production of items would be exactly right to meet the demand for those things.

- (b) **Savings-Investment Equality:** Say's Law has a significant flaw. If the income receivers in this simple model preserve any of their earnings, consumption spending will be less than total production and supply will no longer generate demand on its own. Unsold items, declining prices, less output, unemployment, and declining earnings would result as a result. The classical economists, however, ruled out this option since they thought that whatever people save would be invested by businesses. In other words, investment would take place to make up for any consumption gap left by savings leakage. Say's Law will thus hold true, and neither the employment rate nor the amount of national income will change.
- (c) **Saving-Investment Equality in the Money Market:** According to the classical economics, capitalism has a highly unique market called the money market that will guarantee saving-investment equality and, as a result, full employment. They claimed that the supply and demand for capital governed the rate of interest. Savings and investment together make up the supply and demand of capital. The equality of saving and investing determines the equilibrium rate of interest. The rate of interest would redress any imbalance between saving and investing. If saving outpaces investment, interest rates will decline. Investment will increase as a result, and the cycle will repeat itself until equality is achieved. The opposite is also accurate [3], [4].
- (d) **Price Flexibility:** According to the classical economists, even if the interest rate does not match savings and investments, any subsequent drop in total expenditure would be offset by a corresponding decline in the price level. In other words, if the price drops to Rs 25, Rs 50 will also purchase two shirts, and Rs 100 would buy two shirts at Rs 50. As a consequence, if people save more than businesses invest, the consequent decrease in spending would not result in a decrease in real production, real income, or the amount of employment, provided that product prices also reduce in the same proportion.
- (e) **Flexibility in Pay:** The traditional economists also held that a reduction in consumer demand for goods would result in a decline in the demand for labour, which would then result in unemployment. However, the wage rate would also decline, forcing jobless employees to accept lesser pay in order to avoid being without a job. Up until the wage rate is low enough to empty the employment market, the process will continue. It will then be decided on a new, lower equilibrium pay rate. In the traditional concept, involuntary unemployment was therefore illogically impossible.

## DISCUSSION

### Model of Limitations for the Classical

The traditional form of employment is too Emplified, as was already mentioned. The requirements for faultless completions and the salary rate are both rigid: There are, in fact, extreme market views, such as factor immobility, price regality, market illiteracy, etc. Additionally, since institutional considerations dominate how pay rates are decided, they are not adjustable downward. Due to government regulations and union pressures, in particular, the traditional theory of how employment is determined falls apart when applied to emerging



nations. As we've already said, involuntary unemployment persists and worsens in these nations, making the concept of full employment little more than a pipe dream.

### **Keenessian Theory**

Keynesian thought

The link between aggregate income and spending is a key component of Keynes' theory of the determination of equilibrium real GDP, employment, and prices. Keynes argued that the equilibrium level of production, or real GDP, may not be the same as the natural level of real GDP using his income-expenditure model. The equilibrium real GDP level in the income-spending model is the real GDP level that is compatible with the present aggregate expenditure level. The level of production will be reduced until the level of real GDP is equal to the level of aggregate expenditure, if the present level of aggregate spending is insufficient to buy all of the real GDP provided. Therefore, the equilibrium level of real GDP will be below the natural level if the present level of aggregate spending is insufficient to buy the natural level of real GDP.

The classical theorists predict that in this scenario, prices and wages would decline, lowering producer costs and raising the supply of real GDP until it reaches its natural level once again. However, Keynesians contend that wages and prices are not as flexible. They think that wages and prices are particularly sticky downward. The economy's resources are unable to be completely used because of the downwardly sticky prices and wages, and as a result, the economy is unable to reach its natural level of real GDP. Thus, Say's Law and the idea that the economy self-regulates are both rejected by the Keynesian theory. The income-expenditure model of Keynes. The income-expenditure model takes into account the link between these expenditures and current real national income, and real GDP may be broken down into four component parts: aggregate expenditures on consumption, investment, government, and net exports.

### **Model of Keynesian Limitation**

The issue of unemployment in emerging nations would be easily resolved if things were so easy. However, a rise in aggregate demand via an increase in government spending does not result in an increase in employment levels; rather, it just produces inflationary circumstances, as the experience of emerging nations painfully demonstrates. This explains why the supply cannot simply expand in response to rising demand since a number of institutional and structural limitations exist on the supply side. The current state of inflation in many emerging nations is a direct outcome of rising demand caused by rising government spending and a failure of the supply to rise proportionately. Keynes had tremendous confidence that the multiplier principle would lead to full employment. However, as V.K.R.V. Rao explained in great detail, this theory does not hold true in emerging nations[5], [6].

### **Relation of Phillips:**

The link between wages, employment, and inflation cannot be explained by the Keynesian model. The factors that affect both the supply and demand of labour are always shifting in an economy that is dynamic. As a result, both the equilibrium real wage and the equilibrium employment level are shifting. The price level fluctuates in a dynamic economy, which causes changes in employment and unemployment. The Phillips relation describes the relationship between the rate of inflation and the amount of unemployment. The equilibrium level of

employment will be compatible with the natural rate of unemployment if we assume a zero rate of inflation (i.e., there is no difference between the actual and predicted rate of inflation). However, if prices start to grow at a rate of 3%, real wages will have decreased as a result of the price increase, which raises the demand for labour or forces the employer to hire more employees, *ceteris paribus*, at the lower real pay. The workers' interpretation of a higher normal pay is that a higher actual salary will result in more labour being provided. As a consequence, the predicted inflation rate of 3% has increased employment and decreased unemployment. The equilibrium level of employment would then be restored at the natural rate of unemployment when the workers eventually realise that their higher nominal pay do not really translate into higher real wages. As a result, monetary authorities will need to accelerate inflation rates if they want to maintain the unemployment rate below its natural rate for a prolonged length of time.

### **Workplace Exchange**

The way the work market is organised is a significant factor in the employment crisis. In order to organise the labour market scientifically, there must be a balance between the supply and demand of workers. A contemporary and scientific approach to hiring workers is provided by the establishment of job exchanges. An employment exchange is a unique organisation created to connect job seekers with firms trying to fill open positions. While job searchers register their names, qualifications, and the kind of employment they are interested in, companies are supposed to inform the exchange how many openings there are in their organisations and the kind of employees needed to fill them. they are seeking. The speedy and accurate matching of this information is what employment exchanges do. They choose the names of those who are best qualified for each position that has been made available. then direct them to the latter for consideration during a personal interview or screening process. The employers make the hiring decision. All employees who have registered with the employment exchanges continue to find jobs via them. The most crucial role of employment exchanges is the matching of men with jobs and the placement of those persons. Both the job seeker and the company are successful in finding the proper person for the position. This guarantees excellent productivity and efficiency.

The exchanges assist in preventing the wastage of labour and loss of potential output. Therefore, it is feasible to characterise employment exchanges as specific offices established for swiftly connecting companies seeking employees and people in need of employment. Employment exchanges play a crucial role in a well-organized system of labour relations. Avoiding involuntary unemployment and assigning each worker to the positions for which he is most qualified are both necessary for maximising the national dividend. In this regard, a job exchange might be quite helpful. The exchange, without a doubt, cannot generate new jobs; nonetheless, they may help to best balance the supply and demand of workers. The essential information is cleaned up in employment exchanges. Employment exchanges are also accountable for ensuring that males who are most qualified to fill open positions are hired. The drawbacks of hiring via jobbers may be eliminated. The job exchange also ensures that the required competence is offered on the market and is satisfactorily dispersed across the different industrial branches. Additionally, they assist in the relocation of displaced people, refugees, and former military members. Employers may also benefit greatly from the employment exchanges since they assist in filling vacancies by selecting the best candidate for the position[6], [7].

### **Employment Exchange Functions**

The employment exchanges may perform a variety of beneficial tasks, including:

### **Placement Performance**

The primary purpose of a job exchange is this. It aims to quickly modify labour demand and supply, removing constraints that would lead to production capacity waste. Additionally, to guarantee efficiency, the jobs and the job searchers are carefully matched.

### **Function of Information**

By registering job seekers and notifying them of openings, the exchange gathers some essential information on the labour market. The employment exchange may explain occupational patterns, highlight employment trends, and predict future surpluses or shortages of certain types of labour by properly assembling and analysing the data. The job searchers are educated on the variety of positions that are available, allowing them to maximise their income by applying for the ones they are most qualified for.

### **Function of Guidance and Training**

Thus, an employment "exchange may provide the future workers in the labour market appropriate vocational recommendations. They may do this via the distribution of appropriate career brochures, special lectures, programmes for job counselling, and specialised employment offices like the employment and advice offices at universities. For persons who are newly jobless or who have been frictionally unemployed, the exchange may also arrange training programmes in certain skills.

### **Workplace Mobility Functions**

Employment exchanges may effectively carry out the aforementioned purpose, which will encourage and facilitate labour mobility. Job seekers are more likely to switch occupations or locations in quest of greater salaries if they have access to appropriate and adequate information and assistance about the available positions and labour market trends. This is crucial in developing nations because it is anticipated that workers would shift from a congested agricultural sector to a newly emerging industrial culture.

In addition, they assist with the execution of programmes like unemployment insurance, rehabilitating displaced people, and gathering data on manpower and unemployment. Today, these initiatives are a part of a larger programme for workforce planning, particularly in nations looking to expand their economies in a planned manner. They may aid in the best distribution of labour resources among diverse employments in nations with full employment[8], [9].

### **Development and Formation of the Employment Exchange**

The New Zealand government established the first state-controlled employment marketplaces in 1891. However, in 1919 at the Washington-based International Labour Organisation, the significance of these state-run employment bureaus was broadly acknowledged. This change was approved in India in 1921 as well. The Royal Commission on Labour, which was established in 1931, did not, however, recognise the value of job exchange in India. According to the commission, Employment Exchanges may not be very helpful in addressing the issue of unemployment or in maintaining employment statistics given the industrial economy of India. However, notwithstanding the Royal Commission on Labour's unfavourable stance towards labour, other committees and organisations in India made the suggestion. The creation of employment exchanges is necessary. The Ahmedabad Mill Owners' Association created a

workforce exchange plan in 1936. Many workers' and employers' associations, including the Sapru Committee on Unemployment, the Kanpur Labour Enquiry Committee (1938), the Bihar Labour Enquiry Committee, and many more, strongly supported the creation of Employment Exchanges. Additionally, the Raza group voiced support for the development of an employment exchange with India. The Labour Investigation Committee gave that some thought in 1946. Employment Exchange has a significant potential impact on India's industrial economy. Currently, the organisation is a delicate Mechanism. The Directorate General of Employment and Training in New Delhi, whose operations are split into two Directorates of Employment and Training, is responsible for central control and coordination. Two Directors who report to the Deputy and Assistant Directors, as well as other technical and non-technical employees, support the Director General. State capitals handle regional exchanges, while district headquarters handle sub-office exchanges. Employment Information Bureaus and sub offices are connected to a few of the Exchange offices. Special Exchanges have been geared towards the navy and one aircraft commerce. Additionally, given the expanse of the nation, Mobile Exchanges have been set up to provide the service to those who are not near employment exchanges. The daily management of the employment exchanges is allegedly carried out by the State governments, while the Central government coordinates their activities and establishes the overarching policy and standards of the operations, in accordance with the Shiva Rao Committee (1952–1954). The central government's prior approval is required for the establishment and shutting of new exchanges. 60% of the organization's expenses are covered by the Government of India.

### **India's Employment Exchange: Progress and Opportunities**

In the beginning employment exchanges were established and run on voluntary basis. During 1943-44 many employment exchanges were set up to meet the needs of personal for war production. Employment science in India made its real beginning in 1945 when a Directorate General of Resettlement and Employment was created to solve the problem of resettlement of demobilized service personnel and discharged workers. However, after independence in 1947, the scope of employment exchanges was widened so as to cover all types of jobs seekers. At the beginning the First Five Year Plan in April 1951 there were 136 employment exchanges in the country. In 1952, the Government of Indian appointed a Training and Employment science Organization Committee under the chairmanship of Mr. B. Shiva Rao to examine the working of employment exchanges and to report on the future of the methods and organization of employment agencies. Having examined the working of employment exchanges Shiva Rao Committee pointed out many defects and made important recommendation as given below:

- (i) The group ought to be given permanent status.
- (ii) The organisation that exchanges jobs need to be called the National Employment Service.
- (iii) Government and quasi-government positions should be filled via their exchanges on a mandatory basis.
- (iv) The administration of employment exchanges should be delegated to state governments rather than the federal government, however the federal government should nonetheless develop the overall strategy and coordinate and oversee the operations of the exchanges located across various states.
- (v) Employers or job seekers who use the employment exchange programme shouldn't be penalised.
- (vi) The Employment Exchange shall set up technical and vocational training facilities.

- (vii) The full cost of the central headquarters shall be covered by the central government.
- (viii) The state government shall provide the required housing and pay for 40% of the cost of maintaining the siege in the State, while the federal government should cover 60% of all State expenses.

The number of employment exchanges increased quickly between 1956 and 1966, and today there is a net work of 65 employment exchanges throughout the country, with an exchange in almost every district. Special exchanges have also been set up to cater to the needs of particular categories of job seekers, including handicapped people and rural workers. There are also a number of other exchanges that are specifically for the placement of foreign workers. Up until 1980–1981, the number of registrations climbed gradually, and from a little more than 3 lakh applicants in 1951 to 3.65 crore applications in 1981, an increase of more than 100 times, the number of applicants on the Live Register also increased[8], [9].

The following are some of the employment service organization's other notable accomplishments in addition to placement work:

- (i) The Training Scheme for Adult Civilians, which began in March 1950, was reorganised in 1954 and became known as the "Craftsmen's Training Scheme." Initially under the control of the central government, financial control of the scheme was given to the corresponding State Governments and union territories on April 1, 1969. As of January 1989, there were more than for training centres operating under this scheme.
- (ii) The National Apprenticeship Training Scheme, the Pilot Scheme for Part-Time Classes for Industrial Workers, and the Scheme for the Training of Industrial Workers have all been launched under the Apprentices Act, 1961.
- (iii) A Central Apprenticeship Council has been established in accordance with the Apprentices Act of 1961 to provide recommendations to the Union Government on issues pertaining to the regulation and control of apprentices' trade training and related topics.
- (iv) The National Council for Training and Vocational Trades was founded to provide guidance to the government on all issues pertaining to training policy, coordinate vocational training, and set consistent standards.
- (v) The Central Institute for Research and Training in Employment Service was founded to conduct research programmes on operational activities, working procedures, and related problems of employment exchanges and to import professional training for employment officers sent by the States.
- (vi) Vocational Rehabilitation Centres were established to make it easier for physically disabled people to find employment, and with the help of the UNDP, the National Apprenticeship Scheme was abolished.
- (vii) As part of the placement service, the government, the largest recruitment agency, has implemented measures for speedier employment of the unemployed. Employment exchanges have begun gathering data and arranging discipline-wise. Employment News, published in both English and Hindi and containing information about all job opportunities, is another in a series of measures to bridge the gap between job seekers and organisations of offering employment.
- (viii) In September 1981, a working group on the reorganisation of the Directorate General of Employment and Training was established under the leadership of Shri P.C. Nayak

to review the goals and operations of the Directorate and to suggest ways and means of making improvements. In 1977, the Government of India appointed a committee under the chairmanship of Shri P.C. Mathew to recommend measures for streamlining the working of Employment Exchanges and removing shortcomings in their working [10], [11].

### **Evaluation of Employment Exchanges Critically**

Looking at the working of employment exchanges appears it doubtful that they will effectively help in solving the manpower problems of the developing economy of India. Their role to remedy the evils of recruitment of labour and to bring about the scientific standardization in the system has not been up to the expectation. For the all deficiencies we cannot blame the employment exchanges, because they suffer from so many difficulties inherent in the situations, which are beyond their control.

The NES has developed into a multifunctional placement agency and it has also been facilitating the geographic mobility. at the same time we cannot ignore the evils that exist within the employment service organization. The employment exchanges have not succeeded due to fundamental imbalances in the employment market in the country, lack of employment opportunities, the incompetence of the existing staff to discharge the required order of technical and administration work and corruption, bureaucracy, favoritism inherent in them.

The future of employment exchange services is to be bright. There will be greater demand on employment exchanges for the supply of all categories of labour and scope of its placement operations will be increased several. The job seekers will also increasingly turn to them for help and guidance. But as with technological advance, the labour requirement will be more and more of skilled and semi-skilled category, the exchange may find it difficult to perform their matching and placement function with speed and efficiency. It may, therefore be said that the success of the NES as measured with respect to its effectiveness in securing placement of the job seekers registered with it is not likely to be much in the future in the public sector which is obliged to patronize it. And yet the importance of NES as an institution to organize and mould the labour market and to carry out the basics of manpower planning in an era of planned economic development and technological advance will increase enormously.

### **CONCLUSION**

The organization of a net work of employment exchanges constituting a National Employment Service offers a modern and scientific method of labour recruitment. An employment exchange is a special institution set up for bringing together workers looking for jobs and employers looking for workers to fill them. The number of employment exchange has increased considerably. Special exchanges have also been set up. The NES in India today is a well established multifunctional agency. While placement of job seekers remains its key function, labour market information, labour mobility and vocational guidance and training have also developed as its important associate functions to enable it to play a role in manpower planning and utilization. It now places in employment between four to five lakhs of workers every year which is about 60 per cent of the vacancies notified to it, but only between 10 to 15 per cent of the total registrations with it during the year. The NES in India may have to face new challenges in the future with rapid technological change and increasing complexity of job requirements, matching and placement functions would become rather difficult.

**REFERENCES:**

- [1] G. Conti-Ramsden, K. Durkin, U. Toseeb, N. Botting, and A. Pickles, "Education and employment outcomes of young adults with a history of developmental language disorder," *Int. J. Lang. Commun. Disord.*, 2018.
- [2] L. C. Chezan, S. D. Petcu, and M. L. Van Horn, "A preliminary investigation of employment data collection in postsecondary education for students with intellectual and developmental disability," *J. Intellect. Dev. Disabil.*, 2018.
- [3] K. Flippo and J. Butterworth, "Community Conversations and Transition Systems Change," *J. Disabil. Policy Stud.*, 2018.
- [4] J. F. Strang *et al.*, "Initial Clinical Guidelines for Co-Occurring Autism Spectrum Disorder and Gender Dysphoria or Incongruence in Adolescents," *J. Clin. Child Adolesc. Psychol.*, 2018.
- [5] A. Dougall, F. M. Pereira, G. Molina, C. Eschevins, B. Daly, and D. Faulks, "Identifying common factors of functioning, participation and environment amongst adults requiring specialist oral health care using the international classification of functioning, disability and health," *PLoS One*, 2018.
- [6] B. P. Rath, B. Das, and J. K. Panigrahi, "Sustainability impact assessment of developmental programmes undertaken by mining industries as part of the corporate social responsibility for value creation," *Int. J. Mech. Prod. Eng. Res. Dev.*, 2018.
- [7] G. M. Medina-Vélez, R. V. Maldonado-Del Moral, N. M. Ryan-Nolla, P. A. Negrón-López, and C. Reverol-Olavarría, "4.63 Perceived Family Stressors in Early Childhood and Their Association With Mental Health in Puerto Rican Children," *J. Am. Acad. Child Adolesc. Psychiatry*, 2018.
- [8] T. A. Hutton, "The cultural economy and the urban labour market," in *Cities and the Cultural Economy*, 2018.
- [9] Y. Muramatsu, "Basic understanding and necessary accommodations for children with developmental disorders," in *Folia Japonica de Ophthalmologica Clinica*, 2018.
- [10] R. Edgell, "A Sociotechnological Theory of Discursive Change and Entrepreneurial Capacity: Novelty and Networks," *SSRN Electron. J.*, 2018.
- [11] Lakshmi A, "Poverty Alleviation Programmes In (Rural) India: Gains, Blames And Remedies," 2018.

## CHAPTER 6

### A BRIEF STUDY ON LABOUR TURNOVER AND ABSENTEEISM

---

Dr. Deepak Dhiman, Assistant Professor  
Department of Mathematics, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

Absenteeism and employee turnover are serious issues in contemporary industries. At every level, suitable inquiries and investigations must be performed in order to tackle these difficulties. If a worker suggests leaving the company, it is important to understand why. Any obstacle must be investigated if there is perpetual later justification on the one hand. If he isn't there, the reasons might matter a lot to him personally or to the whole group of employees he belongs to. He could be unwell himself and in need of assistance, or his working environment might be a contributing cause in a group of people's illnesses or accidents, etc., all of which need to be accurately documented. All of these measures may be useful in identifying and analysing the management personnel's contributions to lowering absenteeism and labour turnover. The purpose of this unit is to familiarise you with the nature of absenteeism and labour turnover, two issues that naturally arise in maintaining and fostering good working relationships between employers and employees. Regardless of their nature, these issues have presented challenges to every industrial management.

#### **KEYWORDS:**

Absenteeism, Labour, Manpower, Management, Turnover.

#### **INTRODUCTION**

In a way, one of the main goals in human resource management is to comprehend the syndrome of attitudes, or the emotion that distinguishes the team-dedicated participant. A significant factor in the benefits of careful planning and attention in all of the policies and programmes that make up manpower management is the level of crew member commitment in the various sectors. The challenges associated with human behaviour and highlighted by the industrial managers include labour turnover and absenteeism. One of them is labour turnover, which is unfavourable and, within reason, preventable. Ambitious men will quit the workplace to go for chances elsewhere while bringing new ideas and fresh wood with them. Frustrated men who have been waiting in vain for the promotion they think they deserve will find employment in another factory and avoid feeling resentment in the process. Women's marriage, retirement, and death all exact their inevitable tolls and leave voids for others. Even with these three points taken into account, there is still a significant and expensive exodus of workers from the sector. The industrial manager and the manufacturing executives are concerned about the scale and expense of this mobility. This is the issue of workforce turnover, which is a major issue in the industrial sector and sometimes has a significant impact on a functioning industry.

The other constant issue for production and industrial managers is absenteeism. For the former, it entails less output, idle machinery, more mental effort to maintain teams and machines operating as efficiently as possible, and an increase in production costs. For the latter, it refers to the documents he saves for his inquiries and interviews.



The industrial manager is required by both of the aforementioned issues to come up with a workable method for documenting them as well as studies that might identify underlying causes and provide solutions. Because they are widespread in every business and have little to no impact on the operation of the company and the relationships between employees and managers, it is crucial for you to understand how such actions should be performed as a manager or supervisor. The layout of this section clearly demonstrates our intention to analyse the sources and effects of the difficulties we foresee while also offering potential solutions[1], [2].

### **Workforce Turnover**

The recruiting, releasing, and replacing of workers causes recurring changes in the make-up of the workforce, which are referred to as labour turnover. In other words, it is a measurement of how many current workers leave a company or a manufacturing unit and how many new ones join. Therefore, labour turnover in its quantitative sense is the rate of change in a company's working workforce during a certain time period, which might vary by industry. It is a separations and accessions index. In this view, there are two aspects of turnover: the percentage of employees who leave their jobs and the percentage of workers who start new jobs within a certain time frame. In its sociological context, labour turnover is believed to refer to a socioeconomic effect process that both the employer and the employee really experience.

Unhappiness with the work cannot, of course, be seen as the cause of all of these separations and additions. On the employer's initiative, certain workers are let go. Reductions in labour demands lead to some attrition. However, a fluctuating percentage of the total reflects deliberate separation or quits, which may be important. Some resignations may not be a sign of moral decay; an employee may feel compelled to relocate due to health concerns, family obligations, or other extra-professional factors. The combined result of industrial managers and organisers are thus interested in workforce turnover.

### **Nature and Consequences**

While within certain bounds not ideal, labour churn is sometimes inevitable. However, management staff and organisers are likely to pay attention to any workforce turnover, whether it is inevitable or desired. Industry to industry and organisation to organisation, the turnover rate varies. Low levels of industry separations and admittance are preferable from an economic and psychological standpoint. High levels of separations and additions, however, are the most important as signs of unhappiness among employees. The economic and financial circumstances impacting the industry and the organisation, the calibre and social skills of the management, and the various attitudes, wants, and goals of the employees as human beings are the factors that regulate them.

Planning for human resources benefits from a study of turnover. A high index of worker turnover rate is a signal to management that something is significantly wrong with the health of organisations, much as a high reading on a clinical thermometer is an indication to a doctor that something is terribly wrong with the patient's body. But just as a clinical thermometer just alerts rather than diagnoses when something is amiss, the turnover rate does the same. The measles, the mumps, or pneumonia may all have high temperatures. A high turnover rate might be a serious symptom of bad people management and inadequate supervising techniques. Furthermore, it should be noted that workforce churn costs money as well as human qualities. These consist of:

- (a) The price of recruiting and educating each new employee.
- (b) The price of the overtime that regular employees must put in to sustain the needed level of productivity until the new employee can contribute his fair share.
- (c) Less productivity between the time the previous employee leaves and when his successor is properly acclimated.
- (d) Costs associated with purchasing equipment or facilities that aren't used entirely throughout the training term.

Given that labour turnover is a common illness that is nearly a sickness, information about its appearance elsewhere, if given honestly and scientifically, may be just as significant to management staff as information about diseases that is similarly reported to a public health officer[3], [4].

## DISCUSSION

It is advised that industrial managers and organisers engage with people rather than groups in order to prevent this problem. Individuals who are managed effectively will support management's goals; nevertheless, groups will always disagree with management. Production may grow if we foster a competitive spirit among the employees and break up the sense of belonging to the group. However, if managed in a cohesive way, cohesive will groups demonstrate higher teamwork. Working together will provide its members a stronger sense of social fulfilment. Moral is superior. At this level, turnover is often reduced and tightly knit groups are simple to manage. The informal leader will serve as a useful conduit for communication to and from the supervisor since the supervisor need not repeat instructions and information to every member. A group that is dissatisfied finds it difficult to cooperate and may aim its aggression towards management via subpar performance, sabotage, complaints, and cat-and-mouse attacks. On the other hand, when a work group gets too close-knit, certain harms result. Such a group would be hesitant to admit new members, which might make it more difficult for them to cooperate with outsiders. As a result, conflict and animosity may arise between competing factions. Only if the group recognises management's requests for increased output as genuine can cohesion lead to improved productivity.

### **Causes: The environment that forces a person to quit his or her**

Only after a thorough and empathetic examination of the employees and administrative staff can employment be determined. The factors that contribute to employee turnover may also be determined via different surveys and tabulations of information on employee turnover that are legally gathered in India under the Collection of information Act of 1953 on an industry-by-industry basis. According to the study, these factors include:

### **Resignations:**

Resignation may occur for a number of reasons, including discontent with working conditions, inadequate pay, poor health, illness, ageing, family obligations, better employment possibilities, and last but not least, migration to the village for agricultural purposes. In certain sectors, including mining, plantations, cotton and jute textiles, as well as unorganised ones like shellac production, rice milling, mica production, and so on, the village nexus is still quite strong. The labourers quit during agricultural harvest or planting because they don't have enough time off to

go to their villages. Additionally, employees who work intermittently often see industrial job as just an additional string to their bow.

### **Dismissals:**

Even though it could seem like a less significant factor, dismissal is not a very good basis for employee turnover. However, it is significant in and of itself. Dismissal could result from disciplinary action for inefficiency, insubordination, or other issues that sometimes arise with the workforce. The employees' feeling of security and ability to maintain a positive attitude are more crucial. It might be accomplished by ensuring their job stability, maintaining positive employer-employee relations, and offering them advancement possibilities at all career phases. Additionally, the recruitment agencies in most sectors provide a lot of room for corruption and hiring standards, and the jobbers are always looking to fire the existing staff and hire new ones in order to line their own wallets. As a result, recruiting efforts will help to address the issue of workforce turnover to a considerable degree[5], [6].

Measures should be taken to enhance worker economic status and provide them with job stability and other amenities primarily in industrial towns so that employees may visit the villages as often as they now do. The badli control system, which has been implemented in several locations and industrial cities, may help lower worker turnover. The establishment of employment exchanges, limitations on jobbers' authority, and effective personnel department organisation may also be useful tools.

The labour force will be more stable than it is now with the help of improved working conditions, welfare programmes, social insurance plans, leave and holiday policies, greater pay, and working engagement in management. Additionally, it is important to support and strengthen the cohesive groups and worker organisations so that the employees' concerns may be presented to the employer as a group. This will aid in preventing employee unhappiness and foster stronger ties between companies and workers.

### **Absenteeism**

Absenteeism is an odd, severe, and widespread issue in the industrialised world, including India. Because it leads to indiscipline and other workplace ills, the issue of absenteeism presents a challenge to management. Absenteeism is a condition that is acknowledged as a sign of poor morality. The word "absenteeism" refers to the absence of a permanent employee from work, whether it is authorised or unauthorised. Regardless of the reason, absenteeism occurs when a worker fails to show up for work.

In a government-issued circular from the labour department, the word "absenteeism" was for the first time correctly defined. of India, granted to the interim government. before the country's independence. As a result, the absenteeism rate is determined by dividing the total number of man shifts missed due to absence by the entire number of man shifts scheduled. The number of man days that the permanent employees are scheduled to work and the number of man days that they actually put in are different. These figures do not include the number of planned workdays that are calculated by multiplying the number of permanent employees by the number of days lost to strikes or lockouts. By filling out the daily attendance of permanent employees, the number of man days actually worked in a month is calculated.

The number of people scheduled to work and the number actually present are necessary to calculate the absence rate. A worker is deemed present if they report for any period of the work shift. When an employee has no good reason to anticipate that they won't be available for work at the planned time, they are said to be scheduled to work. The idea is used in the instances that follow.

It is improper to regard a worker who is on a regularly planned vacation as being scheduled to work or absent. The same holds true when a layoff is mandated by an employer. A worker who requests time off outside of a usual vacation period, on the other hand, should be treated as absent from planned work until he or she returns, or until it is decided that the absence will be so long that his name is struck off the list of active workers.

He should be regarded as neither scheduled for work nor absent beyond this date. An employee who leaves without giving notice should also be regarded as missing planned labour. His name gets removed from the active list, although ideally, neither instance should last longer than one week. Since data on time lost due to strikes is gathered by other sources, a worker who is on strike should be considered neither scheduled to work nor absent if a strike is in progress. This definition excludes from the concept of absenteeism absence due to authorised leave, pay-off, retrenchment, strikes, etc. Even the Labour Bureau, Ministry of Labour, and Government regard the aforementioned official definition to be reliable for calculating absenteeism in various businesses. from India[7], [8].

### **Nature:**

The majority of the time, absence is brought on by illness, accidents, social issues, and other religious factors. Boredom, dissatisfaction, a lack of recognition, as well as other inherited and environmental conditions, contribute to an unusually high absence rate. Recognising the significant absence rate has prompted management to closely review them. The high absenteeism rate in many Indian industries is a reflection of the accommodations made by Indian employers to Indian workers' demands for extended vacations and time off to visit their villages for a variety of reasons, including real or fake illness. The cost of absenteeism to the employee includes missed wages and a higher risk of termination.

### **Impact of absences:**

The issue of absenteeism has a variety of effects that may be discussed in the ways that follow:

**Effect on Workers:** Workers suffer a clear loss. It has a negative impact on the worker's personal economics. It diminishes his income and increases debt, which reduces his buying power and makes it harder for him to satisfy basic needs. This causes attitude and moral issues for him personally, often results in job loss, and has disastrous effects on his dependents.

Absenteeism has a negative impact on both the employer and the industry since it slows down production, causes bottlenecks, skews production goals, causes production losses, raises direct overhead costs, and puts more pressure on unskilled, inexperienced personnel. All of these variables may also result in issues with hiring, training, job modifications, morality, and attitudes. Casual, unskilled, and replacement employees prolong tool downtime, result in completed product rejection, and cause breakdowns that might prolong machine downtime. On the other hand, absenteeism immediately leads to an increase in production costs while also robbing the industry of its well-deserved image owing to a decline in the quality of the items

produced and a delay in supplying customers. Therefore, absenteeism is bad for both workers and companies. It results in production delays, reduced worker productivity, higher costs, and industrial losses.

### **Causes:**

Depending on the causes, absenteeism may be divided into many groups. These categories will vary a little from location to location and since people are different in their nature. Following are a few of them:

### **Sickness:**

Absenteeism due to illness is more common than for any other reason. It's important to differentiate between illnesses that have been verified by a doctor and those that haven't. Emergencies like Cholera, Smallpox, and Malaria always spread quickly in industrial environments. Indian employees are a particularly accessible target for such outbreaks due to their poor vitality.

**Employers' Impersonal Attitude:** Employers' impersonal attitudes towards their employees are another factor in absenteeism. In today's workplaces, every employee wishes to maintain his or her freedom of speech. But as soon as his boss expressed negativity or did not support his goals and freedom of speech, he became hostile. Due to the fact that while acting aggressively in groups, he will be heard and disregarded when acting aggressively alone. Thus, a person has little opportunity of exercising their right to free speech. In accordance with the other entity's instructions, he develops antisocial behaviour and often avoids being present. His behaviours are altered in this manner, and amicable interactions are prevented.

**Poor working conditions:** Poor working conditions are the root of many ills and illnesses. The working environment is negatively impacted by the climate in many industrialised nations, including India. The functioning capability is decreased by high ambient temperature. Numerous industries have unsuitable roofs, which have made working conditions for employees worse. The employee eventually continues to be absent, and he subsequently develops a habit of missing work.

**Unsuitable Working Hours:** Due to the increased discomfort of working at night, absenteeism during the night shift is higher in industries where running shifts are used. The most significant reason for absence, however, is the regular impulse to leave the countryside. When crops are being harvested and sown, absenteeism rates are greater.

**Inadequacy of Welfare Activities:** Welfare work is still seen by the great majority of enterprises as a fruitless burden rather than a prudent investment. The strength and endurance of the workforce is reduced, which leads to employee turnover and absenteeism if a business does not spend its resources in welfare programmes and improved facilities.

**Employment instability:** In most factories, employment instability is a significant problem. It causes a worker to develop complexes and inhibitions. Psychologically, he is not given a feeling of community. He sometimes stays away since he doesn't feel like he fits into the bigger picture. Because he is aware that no one is really concerned about him, he chooses to skip work[9], [10].

**Other Causes:** Other factors that contribute to absenteeism include industrial accidents, social and religious ceremonies, festivals, the arrival of guests, drinking and gambling, unhygienic

living conditions, housing shortages, dangerous jobs, inadequate transportation options, rationing issues, and similar things. Due to women's domestic responsibilities, maternity leave, etc., absenteeism has been reported to be greater among women than among males. Age, marital status, education, regulatory politics, geographical location, leave facilities, and supervisory characteristics are all important factors.

### **Remedies:**

The following solutions might be offered as corrective actions to deal with the issue of absenteeism in the workplace:

- (a) The best ways to reduce absenteeism are to ensure that manufacturing workers are paid fairly, have safe working conditions, are protected from accidents and illnesses, and have access to leave facilities, among other things.
- (b) The ideal course of action would be to enhance the conditions of work and life for the employees and make them feel satisfied and happy in order to achieve lasting results. Excessive weariness and stifling conditions at work are sure to trigger defence mechanisms in the workplace.

Additionally, rather than just enforcing discipline, the best method to deal with absenteeism is to provide employees paid time off, or even time off without pay, and to allow them to sometimes attend to their personal issues.

- (a) The high percentage of absenteeism in the industries may also be reduced by providing enough facilities, welfare programmes, and acceptable housing.
- (b) Employees who are unable to report to work due to sickness, an accident, or personal reasons must make arrangements for their immediate supervisor to be informed. Employee must provide a doctor's note if the absence was brought on by illness.
- (c) Each employee is responsible for informing the employer of any situations that prohibit them from showing up for work. By doing this, the employer will be made aware of any errors, laziness, etc. and will be able to prevent such situations in the future.
- (d) Employers must, wherever feasible, get their supervisor's approval before missing work for an excuse other than illness or an accident.
- (e) If a continuous absence looks to be irrational or unjustified, the employer must evaluate each reason for it individually. Employees could be subject to disciplinary warnings and, in certain circumstances, termination.

Employee's State Insurance Schemes, which are now in place in India, are generally seen to be a positive social security provision, but they are often abused as a handy fig leaf for hiding fake illnesses. Even if the employer has grounds to doubt the legitimacy of a medical certificate presented under this programme, there isn't much he can do about it.

Other treatments include cashing out unused time off, requiring employees to schedule their time off in advance, delaying shift changes, implementing a five-day workweek, offering regularity allowance, exhortation, and counselling at all levels.

However, commitment to industrial employment entails more than just employees being there at work. Additionally, it entails their acceptance of workplace rules and their fulfilment of duties under supervision.

## CONCLUSION

It is evident that labour turnover is expensive both in and of itself as a kind of human behaviour and in what it generates. Being a social phenomenon, it is susceptible to all the forces that shape how people behave. It serves as evidence that management hasn't put in place the ties that will bond the team as a whole. Human expectations and what management often provides are drastically at odds. The newcomer does not immediately feel at home, a sense that is often understood in human associations to be a sign of happiness in a novel environment. It will take time and effort to achieve this successfully, but the cost of permitting an unpleasant situation to persist is higher. It's possible that it takes greater psychological understanding of attitudes and feelings as well as social influencing skills than many CEOs have mastered. In terms of an employment strategy aimed at guaranteeing a productive and content workforce, management should take into account worker happiness with compensation, self-development prospects, and the job and its circumstances.

## REFERENCES:

- [1] M. Kato and H. Zhou, "Numerical labor flexibility and innovation outcomes of start-up firms: A panel data analysis," *Technovation*, 2018.
  - [2] E. W. Mugo and W. Guyo, "Factors Contributing To Labour Turnover Among Public Secondary School Teachers in Kenya: a Case of Embu County," *Int. J. Econ. Commer. Manag. United Kingdom*, 2018.
  - [3] V. K. Asimah, "Factors that influence labour turnover intentions in the hospitality industry in Ghana," *African J. Hosp. Tour. Leis.*, 2018.
  - [4] A. H. Wiltshire, "Labour turnover and considerations around work: temporary farm workers in South Africa," *Int. J. Sociol. Soc. Policy*, 2018.
  - [5] R. P. Pontes, M. N. Barbosa, L. D. S. Silveira, and L. V. Costa, "The behavior of young people and adults in the brazilian labor market in relation to their permanence in employment," *Rev. Econ. Contemp.*, 2018.
  - [6] J. Agyei-Ohemeng, "Labor turnover in selected hotels in the Sunyani municipality," *Res. J. Hosp. Tour.*, 2018.
  - [7] S. De Winne, E. Marescaux, L. Sels, I. Van Beveren, and S. Vanormelingen, "The International Journal of Human Resource Management The impact of employee turnover and turnover volatility on labor productivity: a flexible non-linear approach," *Int. J. Hum. Resour. Manag.*, 2018.
  - [8] R. C. De Ocampo and H. M. Aguilin, "Comparative Analysis On The Factors Affecting Employee Turnover Between Supervisors And Frontline Employees In The BPO Industry," *Int. J. Adv. Res. Publ.*, 2018.
  - [9] R. Allen, S. Burgess, and J. Mayo, "The teacher labour market, teacher turnover and disadvantaged schools: new evidence for England," *Educ. Econ.*, 2018.
  - [10] B. O. Oginni and S. O. Omoyele, "A Study Of Labour Turnover And Organisational Productivity In The Cable Industry Of Nigeria Manufacturing Sector," *Adv. Soc. Sci. Res. J.*, 2018.
-

## CHAPTER 7

### CONCEPT OF UNEMPLOYMENT AND ITS NATURE

---

Dr. Isha Tyagi, Assistant Professor  
Department of Mathematics, IIMT University, Meerut, Uttar Pradesh, India.

#### ABSTRACT:

A nation's human resource development is just as crucial as its physical growth. When there are many healthy, working-age people in a nation who want to work but can't find job at the going rate of pay, such situation is known as unemployment. We have covered a variety of topics in this course, including unemployment, structural unemployment, open unemployment, shameful unemployment, and full employment. Not only have these concepts been properly defined, but they have also been separated from one another. In-depth analysis has been done on the types of unemployment in India. The Planning Commission created the notions of typical status, Weekly status, and Daily status Unemployment in order to analyse the characteristics of unemployment. In recent years, these ideas have been explained together with the associated estimations. The root causes of unemployment have received much study. India's sluggish economic development, inadequate workforce planning, population increase, incorrect technology, and unsuitable educational systems are the main contributors to unemployment. Though decreasing the level of unemployment has been a stated goal of India's economic planning, to yet, none of the plans that have been put into action have made any mention of a long-term employment strategy that takes a forceful stance against the issue of unemployment. On the other hand, although more people are working under the plan, the rate of unemployment is growing more quickly. Over the last 40 years, job growth rates have been lacklustre.

#### KEYWORDS:

Development, Organization, Resources, Unemployment.

#### INTRODUCTION

The whole human resources of every nation are comprised of its people. As crucial as the development of other material resources is the optimal growth of the nation's human resources. Workers would be wasting a tremendous amount of the nation's human resources if they were prepared to take jobs at the going rate of pay but were unable to find employment. A nation's labour force should be prepared for and invested in the growth of the nation, just like any other kind of capital. Regardless of their modes of economic organisation, all economies in the world strive towards full employment.

When there are many healthy, working-age people in a nation who want to work but can't find something to do that pays a living wage, such situation is known as unemployment. The Bureau of Labour Statistics (BLS) states that in order to be categorised as jobless, a person must meet each of the following requirements: He or she (3) had made some special attempts during the previous four weeks to locate a job. He or she (1) did not work during the survey week, but (2) was available for employment.



For example, college students who are searching for a job in March but are available for work until June are not classified as employed in March. To be available for work, a person must be able to take a job if that is the necessary means. Individuals who claim to have made special attempts to obtain work must have responded to job postings, attended employment centres, or engaged in a variety of other specified actions to do so [1], [2].

Beveridge describes full employment as a situation in which there are more open positions than male jobless persons, not just a few extra positions. According to Beveridge's definition of full employment, a nation's whole labour force is always fully employed, except a small percentage of frictional unemployment caused by people changing jobs.

**Kinds:** Numerous forms of unemployment have been recognised when examining the macroeconomic environment as a whole, including:

**Frictional unemployment:** This describes the reality that finding and settling into new jobs take time. The total number of jobless workers will be recorded as one in the unemployment statistics if 12 people wait one month before beginning a new job. Frictional unemployment is often decreased by technological improvement, for instance, by reducing the time and expense of finding a job using internet search engines.

**Structural unemployment:** This occurs when the skills and other characteristics of the work force don't line up with what businesses are looking for. If four employees take a combined six months off to retrain before beginning a new job, this will be counted as two jobless workers in the overall unemployment statistics. Rapid technological and/or economic industry developments, such as the widespread adoption of new software or technology, would often need training for future workers before they can find employment, increasing structural unemployment levels. While some domestic industries, like textile manufacturing, have expanded to meet global demand, others, like agricultural products, have contracted as a result of increased competition from foreign producers, the process of globalisation has contributed to structural changes in the labour market.

**Natural rate of unemployment (NRU):** This is the total of all types of unemployment, excluding cyclical factors like recessions, such as frictional and structural unemployment. Given that some frictional and structural unemployment is unavoidable, it represents the lowest rate of unemployment that a stable economy may hope to attain. The natural rate, with estimates ranging from 1% to 5%, and its definition (some link it to "non-accelerating inflation") are topics of disagreement among economists. The predicted rate fluctuates from time to time and from one nation to another.

**Unemployment due to a lack of demand:** According to Keynesian economics, any amount of unemployment beyond the natural rate is most likely caused by a lack of demand for goods and services across the board. A recession results in inadequate aggregate spending, which underutilizes resources, especially manpower [3], [4].

## CHARACTERISTICS OF UNEMPLOYMENT

India is a nation in development. As a result, the kind of unemployment is significantly different from that which is prevalent in industrially developed nations. According to Keynes' theory of advanced economics, a lack of effective demands is what causes unemployment. Because the productive capacity is insufficient to provide a sufficient number of jobs for everyone who is

able to work, unemployment in developing nations is often structural in character. This form of job is a persistent phenomenon rather than a transient one. On the other hand, the characteristics of developed economies are cyclical unemployment and frictional unemployment. Cyclical unemployment happens during an economic cycle's depressed stage. The nature of unemployment in India will be investigated after we have first looked at the concepts of frictional and structural unemployment and developed a national rate of natural unemployment.

## **DISCUSSION**

### **A Full Employment and Unemployment**

Conceptually, we may differentiate between frictional, structural, and demand-deficit unemployment. Demand shortfall unemployment occurs when the amount of aggregate demand is too low at the current pay rate and price indices, causing the country's effective labour demand to be lower than the quantity of worker ready to give their labour. The overall unemployment rate that is compatible with the natural rate of unemployment is known as full employment. However, it is still feasible for a sizable portion of the labour force to remain jobless even if aggregate demand is sufficiently strong to cover all positions. These employees will be categorised as structurally or functionally jobless.

### **Frictional Unhiring**

When new industries displace older ones and employees move to better positions, frictional unemployment results. When there are enough jobs in a given occupation category to accommodate everyone looking to enter the labour market, but neither the workers actively seeking employment nor the employers actively seeking to fill vacancies have yet found the workers they are looking for. As a result, the transitory period during which the employees choose to stay jobless is referred to as frictional unemployment. Because information is unreliable and expensive to get, they are jobless.

### **Structural Unhiring**

Because there are enough jobs to employ all people in both circumstances, structural unemployment is identical to frictional unemployment. However, structural unemployment is considered to occur when either the jobs are located in the locations where they are needed or the skills needed for the open positions vary from those now held by the jobless employees, excluding the areas where the jobless employees are situated. Structural unemployment may be linked to flawed and pricey information, much as frictional unemployment. Fundamentally, structural unemployment exists because shifting jobless people into open positions would incur high transfer costs, such as those associated with relocating to a new location, obtaining new skills, or both.

If jobless workers lack the skills necessary for reemployment at prevailing real pay levels, the reallocation of labour that continually takes place due to change in the composition of aggregate demand will be minimal. Therefore, structural unemployment may develop when we renounce the notion that all employees are ideal replacements for one another. Because employees cannot perfectly replace one another, shifting labour needs will affect relative wages and necessitate that some jobless individuals reduce their pay expectations in order to find employment. As the length of unemployment grows, the asking pay of jobless employees often decreases.

## Natural Unemployment Rate

A dynamic economy is characterised by continuous changes in the composition of aggregate demand. In addition, fresh people are constantly joining the work market. Therefore, even if aggregate demand were strong enough to employ the whole labour force, there would always be some frictional and structural unemployment in such an economy. The natural rate of unemployment is defined by economists as the total of frictional and structural unemployment. The natural rate, in theory, may be calculated as the proportion of unemployed workers to available positions in the economy. Even if the idea of natural rate is rather simple, it is especially challenging to agree on its amount.

A definition of full employment that is compatible with the natural rate of unemployment might be used. However, even with enough job openings, there can never be a zero unemployment rate, according to the ideas of full employment and the natural rate of unemployment. But in our opinion, the natural rate of unemployment notion is preferable since it forces us to concentrate on dynamic adjustment. On the other hand, the widely accepted notion of full employment is more likely to be linked to a particular unemployment figure, like 4%, and is more conducive to political sloganeering. Policies that aim to lower aggregate unemployment below its natural rate will not have a lasting impact on employment but will merely raise the price level in a scenario where the natural rate unemployment surpasses the conventional definition of full employment.

## India's Unemployment's Nature

India's unemployment may be divided into two main groups: rural and urban. The two primary subgroups of rural unemployment are disguised and seasonal unemployment. The two primary subgroups of urban employment are open employment and underemployment.

### Workforce in Rural Areas

Rural communities have a large portion of covert and seasonal unemployment.

#### Seasonal Joblessness:

This usually applies to the agriculture industry, which is a seasonal one. A significant portion of those working in agriculture are idle for around six months of the year. In its mid-term evaluation of the Fourth Plan, the Planning Commission noted that, with the exception of the green revolution belt, seasonal unemployment in the early 1970s was at least equal to that of the 1950s, if not higher.

#### Covert Unemployment:

This is referring to the "hidden" or "latent" unemployment that is often seen in India's agricultural industry, when everyone seems to be working yet there isn't enough labour for everyone. It is a perennial in kind. According to the few information now available, there doesn't seem to be any covert unemployment in the region of the green revolution. Agriculturists have been imported from other regions of the nation to fill the growing need for wage labour in these areas during the previous 1.5 decades.

### Urban Workforce

In metropolitan places, the majority of unemployment is overt and obvious. Urban unemployment numbers haven't been created on a regular basis. However, estimates of

unemployment in various years have been given by the Planning Commission, the Ministry of Labour & Employment, the Central Statistical Organisation (CSO), and certain individual economists like Wilfred Malenbaum and R.C. Bhardwaj. Their findings showed that 10 to 15% of respondents were working at various times. Urban employment may be broadly categorised into:

1. Open Joblessness
  2. In the Employment
  3. Educated Joblessness
  4. Intermittent unemployment
  5. Seasonal Joblessness
  6. Structural Joblessness
1. Open unemployment: this occurs when individuals are able and eager to work but have no job to do. This mostly involves job-seekers who move from rural to urban regions and the educated jobless.
  2. Below Employment This has characteristics with hidden unemployment. When someone makes less of a contribution to the output than they are capable of, it happens. For instance, a scientific postgraduate clerk would be considered underemployed.
  3. Educated unemployment: This is mostly a problem in cities. An educated jobless individual may experience open unemployment or underemployment. The scale of educated unemployment is a very severe and dangerous issue, yet it is still mostly unmeasured.
  4. Frictional unemployment: This category includes those looking for their first job. Such unemployment is not seen to be hazardous and may be addressed by spreading more information about available work opportunities.
  5. Seasonal Unemployment: Certain seasonal businesses, such as agriculture and tourism, are more likely to experience seasonal unemployment. People need to be urged to accept alternative occupations during the off-season in order to lower this.
  6. Structural Unemployment: Structural unemployment is the worst kind of unemployment. It becomes relevant whenever the makeup of an economy changes. It is long-term unemployment and has several potential causes. The factors include human workers being replaced by machines and changes in consumer behaviour. By offering retraining, on-the-job training, and increasing people's occupational flexibility, structural unemployment may be significantly decreased [5], [6].

### **Average Unemployment Rates in India**

We will discuss several unemployment estimates in India in this section. Over the last several decades, a lot of information on unemployment and associated factors has been gathered in India via labour force surveys. The National Sample Survey Organisation (NSSO) has created and standardised concepts and definitions of the labour force, employment, and unemployment fit for the Indian context while keeping in mind the recommendations of the committee of expert on unemployment. These ideas have been approved by the Planning Commission for analysing the dimensions of unemployment issues, but they have also been embraced nationwide by the NSSO for conducting surveys on employment & unemployment from 1972-1973. The three unemployment concepts created by the NSSO are: 1. Usual Status 2. Weekly Status

## Daily Status

These ideas were also employed by Prof. Raj Krishna to calculate the extent of unemployment in the 1960s and 1970s.

1. **Usual Status (Chronic):** Those without a job for the majority of the year are considered unemployed.
2. **Weekly Status:** Those who did not find even one hour of work throughout the survey week are considered to be unemployed, which is a kind of irregular unemployment.
3. **Daily Status:** A person's activity status for each of the last seven days is recorded under the Daily Status category. A person is deemed to have worked for half of the day if they put in between one and four hours, and for the whole day if they put in more than four.

The overall normal status unemployment rate was 1.6 percent in 1973 and 2.6 percent in 1978, according to Prof. Krishna. For these years, the weekly status unemployment rate was 4.3% and 4.6%, while the daily status unemployment rate was 8.3% and 8.2%. Chronic unemployment (usual status) increased from 1.4 million people in 1961 to 7.1 million people in 1978. The rate of chronic unemployment increased from 0.7% in 1961 to 1.6% in 1973 and then to 2.6% in 1978. In terms of weekly status unemployment, it is interesting to note that between 1959 and 1965, the number fell from about 9 million to 5 million, before rising once more to 11.2 million by 1978. The weekly status unemployment rate fluctuation over time shows this tendency clearly. Between 1959 and 1967, there is a distinct downward trend in the weekly rate. From roughly 5.3 to 2.5 percent, it decreased. The weekly status unemployment rate increased to 4.3 percent in 1973 and to 4.6 percent in 1978, however this tendency was reversed in the 1970s. These findings show that while the number of people with a daily jobless status increased slightly between 1973 and 1978, from 18.6 million to 19.2 million, the rate of people with a daily unemployment status decreased somewhat, from 8.3 to 8.2 percent.

As based on the 32nd N.S.S. round. The 32nd Round estimates of normal status unemployment in March 1985 are similar to the Sixth Plan estimates of usual status unemployment in March 1980, showing that the rate of unemployment has grown in absolute terms. In the age range of 5+, there were 13.89 million typical status unemployed people in March 1985 as opposed to 12.02 million in March 1980. However, the 38th Round of the NSS Survey conducted in March 1985 found that the normal status unemployment rate for those aged 5 and over was just 9.20. As a result, estimations vary from one another. Some economists think that planner intentionally tried to overlook estimates of the number of people without a job each week and each day, which are unquestionably more accurate indicators of unemployment.

A report on the annual employment and unemployment survey was issued by the labour bureau under the Union Ministry of Labour and Employment. According to the study for 2012–2013, Sikkim has the highest percentage of jobless persons in the nation, while Chhattisgarh has the lowest percentage. The nation's overall unemployment rate is 4.7%. The highest unemployment rate in Northern India is found in Jammu and Kashmir, followed by Himachal Pradesh, Delhi, Chandigarh, Punjab, and Haryana. Rural areas have an unemployment rate of 4.4%, while metropolitan areas have a rate of 5.7% [5], [6].

According to the National Sample Survey Office (NSSO), the employment rate in India decreased from 39.2% in 2009–10 to 38.6% in 2011–12 (July–June). With this, the jobless rate increased to 2.7% from 2.5%. The employment rate was 42% in 2004–2005. 2.7 million new

employment were generated in the five years between 2004–05 and 2009–10, compared to 60 million in the five years before that. According to the poll, more women than males had their jobs eliminated. Between 2009 and 2012, the number of employed males remained almost constant, while the percentage of working women fell from 18% to 16%. Even while it seems little in terms of a percentage, the actual numbers are rather frightening. About 90 lakh women lost their employment in the rural economy during a two-year span. However, 35 lakh more women joined the workforce in metropolitan areas. In general, women had a higher unemployment rate than men. In contrast to men, who had an unemployment rate of 4%, women had a rate of 7.2%.

Kerala, the most educated state in India, has the highest unemployment rate among the big states, close to 10%. Assam has a 4.3% unemployment rate compared to West Bengal's 4.5%. (At the same time, Monster.com's Monster Employment Index India has also shown a fall in employment creation. One of the largest online employment boards is Monster. Due to the state of the global economy, fewer jobs have been advertised by Indian firms on this employment board. A monthly indicator of the volume of online job postings is the Monster Employment Index. The information is based on a current evaluation. The Naukri Job Speak Index of Naukri.com indicates the same slow growth.) The number of workers in the agricultural industry has decreased and is now for the first time below 50%. Currently, 49% of employees are employed in the agricultural industry, compared to 24% in manufacturing and 27% in services. India must recognise and value employment as a key economic factor. In 2009–2010, economic growth was 9.3%; in 2011–2012, it was 6.2%. Young people without work have no choice but to start their own businesses, and if they lack the necessary skills, they must take on low-paying professions like selling magazines, etc[7], [8].

On the other hand, since skill-based jobs pay higher, young people are increasingly more interested in them. An surge in education loans in India is evidence of this. According to Reserve Bank of India statistics, the amount of outstanding student loans under the category of personal loans has almost quadrupled over the last four years. Additionally, there has been an increase in the number of students who have defaulted on their student loans, which is another evidence of India's poor job market, particularly for job-seeking students. The NSSO says that the unemployment rate among illiterate people is the lowest. because this group of people is willing to work for cheap wages. Because there aren't many options for skill-based work in India, educated young have the highest rates of unemployment.

### **Causes Of Unhiring**

The sector of the economy accounts for the majority of unemployment. Analysis shows that the majority of India's unemployment is structural. India's weak economy, sluggish development, poor personnel planning, population increase, lack of proper technology, and unsuitable educational systems are the main reasons of unemployment there. The following are covered in detail:-

### **Economy That Is Still Developing**

Any country's degree of development has a significant impact on the size of its workforce. Therefore, a country's output boosts the job prospects when it leans heavily on development and when it pursues growth. In India, output has increased by the "Hindu Growth Rate" for the last more than three and a half decades. Throughout the year, her plans, the pace of growth remained

below the objective. As a result, not enough employment were produced. Our strategies were developed with the presumption that the unemployment issue would be resolved by growth. In reality, however, this did not occur, and as time went on, the unemployment rate rose.

### **Explosion Of Populations**

The mortality rate has sharply decreased while the birth rate has stayed constant since independence. In the 1960s, the rate of population growth increased to 2.2 percent year, which had the effect of raising the labour force growth rate to 1.9 percent annually. Over the course of the 30 years from 1951 to 1981, the population grew at an average yearly rate of 2.15 percent. Naturally, a similarly significant increase in the work force followed. Since becoming independent, women's attitudes towards the workforce have altered as a result of education. Many of them are now competing for jobs on the work market alongside males. But since the economy could not adapt to these difficulties, the backlog of unemployed people has continued to grow.

### **Suitable Technology**

Despite the fact that manpower is readily accessible in large quantities, we picked a capital-intensive technology throughout the planning process. The programme has caused a significant increase in unemployment.

The Bhagwati Committee disapproved of indiscriminate mechanisation in light of this reality. India is not a fully free market economy, which is why capital intensive strategies have been used there. The government has unilaterally maintained interest rates lower than those that would be set if the capital and money markets were entirely unregulated. Because they maximise the producer's personal benefit, capital-intensive approaches are chosen in this scenario over labor-intensive ones[9], [10].

### **An Appropriate System Of Education**

India's educational system is colonial and ineffective. "India's educational system does not aim at the protection and development of human resources," claims Gunnar Myrdal. It only generates lower cadre executives for the government and other sectors and bookish education. Myrdal views all those who simply obtain a bookish education as being both poorly and incorrectly educated.

Our educational system does not provide its students with any vocational education, thus the majority of them are unable to create their own businesses, which only serves to increase the number of jobless people.

### **Inadequate Manpower Planning**

The nation's human resources needed to be developed and used to their full potential. The Government of India has established several committees and commissions to guarantee that the execution of industrial development projects is not delayed by a lack of scientific and technical talent, but a more deliberate and comprehensive approach to the issue of human resources utilisation is needed. India's manpower planning is mostly focused on the "requirements" method, and only in the case of a few categories of educational attainment. To provide more people work chances, closer links between the demand for and supply of labour in different economic sectors must be followed.

## The Govt's Policy

Although eliminating unemployment has been stated as a goal in India's economic planning, no mention of a long-term employment policy with a strong strategy to address the unemployment issues can be found in any of the plans that have already been put into action. Each plan did, however, include a few quick fixes. Now that the central government has changed, one can only hope that the National Front Government will be able to create a long-term employment programme to bring down the nation's unemployment rate to three to four percent by the end of this year. In fact, eliminating unemployment was not even acknowledged as one of the primary planning goals at the beginning of the plan period. It was believed that as the economy grew, the state of employment would inevitably improve. Direct action to reduce unemployment was not encouraged. There was only a noticeable change in strategy along these lines in the drafting of the Fifth Five Year Plan (1978–1983). However, priorities once again changed when this strategy was abandoned in 1980. Yet the government will continue to pay attention to the initiatives it has made, such as NREP, IRDP, RLEGP, TRYSEM, etc[9], [10].

## A Previous Stage of Economic Planning

On the eve of the First Plan, there were around 3.3 million unemployed individuals. extra 9 million people were anticipated to enter the labour market throughout the plan period, and about 12–13 million extra jobs were needed to eradicate unemployment altogether. However, the first plan only produced 7 million jobs, leaving a backlog of 5.3 million unemployed people at its conclusion. The employment chapter of the first plan was really cursory and didn't go in-depth on the causes and solutions for unemployment since it was written at a period when the post-war environment had clouded the fundamental perspective on the job front. The Second Plan has placed a greater focus on the growth of heavy industries. As a result, there wasn't much room for growth in the organised sector. As a result, the growth of the agricultural and college sectors was heavily relied upon to provide new jobs. This approach was manifestly insufficient to address the issue of unemployment, and as a consequence, 22–23 million people were jobless in 1969.

The ILO study had a significant impact on the Fourth Five Year Plan's proposed employment policy. The government implemented a crash project during the Fourth Plan for generating rural employment. The emergency initiative cost Rs. 5000 Crores and was designed to provide work to 1000 individuals in each district in 10 months. The World Bank's recent research, "Gender and Poverty in India - Issues and Opportunities Concerning Women in Indian Economic," seems to have had a significant impact on Mr. Rajiv Gandhi's declaration on IMY. The annual report of Which Bank for the fiscal year ended June 30, 1989. Since the central government has changed, it seems that JRY, NRY, and IMY's job is in jeopardy.

## Making Plans to End Unemployment:

1. To help individuals who are directly affected by unemployment, the government must improve the safety net.
2. To address unemployment, the federal government must provide financial assistance to the states.
3. The government must directly create employment in the public sector.
4. To encourage the creation of jobs in the nonprofit and private sectors, the government should create a new job tax credit.



5. There is a critical unmet demand for infrastructure expenditures, particularly in the areas of building, upkeep, instruction, and repair.

### **Achievements**

In contrast to unemployment of 12.3 million net additions to the labour market and a backlog of 3.3 million jobs, 7 million jobs were generated under the First Five Year Plan. The second plan had an estimated backlog of 5.3 million jobless people before the outset, and it was projected that 12 million more employment would be generated over the second plan. It was predicted that an extra 17 million people would join the labour market during the Third Plan era, bringing the total number of jobless people to 24 million, however the Third Plan only succeeded in adding 14.5 million new jobs. Estimates from the Reserve Bank of India place the number of new workers who entered the workforce throughout the three annual plans at 14 million, to which the 9.5 million backlog of jobless people at the conclusion of the third plan should be added. The three yearly plans (1966–1967) only resulted in the creation of around 1 million employment. At the end of March 1969, there were 22.5 million people still jobless. From 1951 through 1969, industry output increased at a rate of less than 3% annually[6], [11].

The Fourth Plan established a multitude of rural employment programmes including SFDA, MFAL DPAP, etc., but they were all hastily created, poorly thought through, and "ad hoc," and as a result were bound to fail. The NRWP was implemented as a component of the six-plan internally. A total of 108 million people are expected to join the labour market over the sixth plan period (1979–1980 to 1984–1985), of which 34 million would do so at that time, representing a 2.4 percent annual expansion in the labour force. In March 1985, the total work force was estimated at 302.29 million on the basis of normal status. It was predicted that there would be 227.06 million standard person years of work in 1989–1990, up from the expected 186.7 million standard person years in 1984–1985. This would suggest a yearly? However, recent years have seen a slowdown in the organised sector's job growth. The job market information agency reported a modest increase in organised sector employment of 1.4 percent. By the end of September 1988, there were 30 million active job searchers registered with employment exchanges. According to predictions from independent scholars, there would be 40 million unemployed people by the end of 1989. As a result, it is clear that although employment rates are rising in India, unemployment rates are also rising. As a result, unemployment continues to grow absolutely, that is, in terms of the number of people impacted, and at best, it decreases only relative to the labour force in the nation. In conclusion, it is reasonable to say that the nation will never be able to escape the unemployment trap using the methods used to frame the different initiatives[9], [10].

Between 1983 and 2011, India's unemployment rate averaged 9%, hitting a record high of 9.4% in December 2010 and a record low of 3.8% in December 2011. The number of persons actively seeking for work in India is shown as a proportion of the labour force. India's unemployment rate dropped from 39974 thousand in 2007 to 39963 thousand in 2009. Between 1985 and 2009, the number of unemployed people in India and Kenya averaged 36933 thousand, with an all-time high of 41750 thousand in 2001 and a record low of 24861 thousand in 1985. In India, those who are jobless yet actively looking for employment are considered to be unemployed.

In the India Skills Report, which was released at the third CII National Conference on Skill Development, 34% of the approximately 100,000 applicants were determined to be employable. The report included estimates of hiring throughout the country's key industry sectors in addition

to data on talent pool skill levels. According to the report's conclusions, none of the industries will see robust recruiting in the next year. The majority of the ten industries that were questioned (including BFSI, BPO/ITES, manufacturing, etc.) do not anticipate a significant shift in their recruiting rates. The only industries where there will be a big rise in employment are engineering & core, hospitality, and travel. The survey also highlights a widespread tendency among companies to prioritise applicant abilities above educational background. Along with a detailed examination of the talent pool by gender, age group, and domain, the report also lists the states with the highest employment rates. The hiring patterns by domain for the next year are also shown.

It was discovered that female applicants are of higher quality than male candidates based on their gender. The inaugural India Skills Report, an endeavour to capture the skill levels of the supply side and demands of the demand side of Talent and conduct matching between the two ends, includes this and many more similar insights. The India Skills Report has aided in developing an agenda that may work to address the talent supply-demand issue the nation is now experiencing by reaching out to over a million students dispersed across the whole nation in addition to around 100 enterprises dispersed across ten different industry sectors. The report was presented by Mr. Shikhar Agrawal, Director General of Employment and Training Ministry of Labour and Employment (India), in the presence of Mr. Chandrajit Banerjee, Director General, CII, Mr. S. Mahalingam, Chairman, CII National Committee on Skill Development, and Mr. Rajeev Dubey, Co-Chairman, CII National Committee on Skill & President. Kerala has the highest unemployment rates and ranks last among the main Indian States, according to the NSS(66th round) Report from the Ministry of Statistics and Programme Implementation, Government of India, released in 2013. Rajasthan and Gujarat have the lowest unemployment rates. The average jobless rate throughout the country is 50 percent.

### **Actions the Government has taken**

Act of 2005 establishing the Mahatma Gandhi National Rural Employment Guarantee. The Mahatma Gandhi National Rural Employment Guarantee Scheme, which promises each unemployed person a 100-day job per year, is one of the measures the Indian government has done to lower unemployment rates. It has already been deployed in 200 districts and will soon be extended to 600 districts. A worker gets paid 150 a day to work under this system in return for compensation.

### **CONCLUSION**

In conclusion, the idea of unemployment is a complex and important part of contemporary economies. It describes the situation of people who are competent and wanting to work but are unable to locate possibilities for adequate employment. There are many different types of unemployment, and each has unique effects on people and communities. There are many various types of unemployment, including frictional, structural, cyclical, and seasonal unemployment. Natural changes in the labour market, such as the job search and skill-matching procedures, give rise to frictional unemployment. When the workforce's capabilities and the skills in demand by the labour market are out of sync, structural unemployment results. While seasonal unemployment is brought on by the cyclical nature of certain businesses or vocations, cyclical unemployment is related to shifts in economic activity. In conclusion, politicians, economists, and society as a whole must have a solid knowledge of the idea of unemployment and all of its manifestations. Stakeholders may collaborate to execute effective policies and initiatives to fight

unemployment, generate job opportunities, and promote sustainable economic growth and social well-being by realising the complexity of unemployment and its wide-ranging repercussions.

#### REFERENCES:

- [1] T. M. Torres-López, J. A. Munguía-Cortés, and R. Soltero-Avelar, “Social representations of employment and unemployment concepts’ in inhabitants of Santa Cruz, Tenerife,” *Quad. Psicol.*, 2018.
- [2] R. H. Grieve, “A misinterpretation of keynes’s concept of involuntary unemployment,” *Equilibrium. Q. J. Econ. Econ. Policy*, 2018.
- [3] Ö. B. Soylu, İ. Çakmak, and F. Okur, “Economic growth and unemployment issue: Panel data analysis in Eastern European Countries,” *J. Int. Stud.*, 2018.
- [4] R. Campa, “Technological unemployment. A brief history of an idea,” *Orb. Idearum*, 2018.
- [5] I. Mitrofanova, T. Ivanova, and I. Ryabova, “Family Life Cycle: Implementing the Strategy of Social and Economic Development (Based on Subjects of the Southern Federal District),” *Vestn. Volgogr. Gos. Univ. Ekon.*, 2019.
- [6] S. A. Kaliyeva, F. G. Alzhanova, M. K. Meldakhanova, I. M. Sadykov, and M. A. Adilkhanov, “The Precariousness employment in the Eurasian Economic Space: Measurement problems, factors and main forms of development,” *J. Asian Financ. Econ. Bus.*, 2018.
- [7] N. Hoque, M. Hasmat Ali, S. Arefeen, M. Masrurul Mowla, and A. Mamun, “Use of Crowdfunding for Developing Social Enterprises: An Islamic Approach,” *Int. J. Bus. Manag.*, 2018.
- [8] L. A. A. Rosas and C. A. Jiménez-Bandala, “Unemployment and the probability of falling into poverty traps: Considerations for developing countries,” *Rev. Esp. Investig. Sociol.*, 2018.
- [9] S. Pultz and P. Hviid, “Imagining a better future: Young unemployed people and the polyphonic choir,” *Cult. Psychol.*, 2018.
- [10] A. Tatarczak and O. Boichuk, “The multivariate techniques in evaluation of unemployment analysis of Polish regions,” *Oeconomia Copernicana*, 2018.
- [11] S. Asongu and N. Odhiambo, “Doing business and inclusive human development in Sub-Saharan Africa,” *African J. Econ. Manag. Stud.*, 2019.

## CHAPTER 8

### OVERVIEW OF UNORGANIZED LABOUR

---

Dr. Rahul Agarwal, Assistant Professor  
Department of Mathematics, IIMT University, Meerut, Uttar Pradesh, India.

#### ABSTRACT:

Unorganized labour makes up a sizable and sometimes underappreciated portion of the worldwide workforce. This abstract examines the idea of unorganised labour, emphasising its traits, difficulties, and effects on both workers and economies. Unorganised labour is introduced in the abstract as a diverse set of employees who do not have formal employment agreements, social protections, or collective bargaining power. It draws attention to the predominance of informal employment in industries including agriculture, construction, household services, and street selling, where employees deal with unstable working conditions, little pay, and restricted access to benefits. Unorganised labour is a huge area that requires in-depth investigation. The purpose of this unit is to familiarise you with the nature of unorganised labour, its relevance, categories, contributions to government policies from ILOs, human rights, and the role of the judiciary. Despite the fact that a significant part of workers who create products and provide services are unorganised, the labour laws designed to ensure their welfare and benefits are seldom applied, and exploitation persists. We need to look at the core reasons of their suffering. Social workers should step up and inform them of their rights even if the court has rightfully rescued them by acknowledging public interest lawsuit.

#### KEYWORDS:

Government, Labour, Law, Management, Welfare.

#### INTRODUCTION

When it is acknowledged that both the government and the management of industries are in a position to negotiate for improved pay and working conditions within the current rules, this is when labour is considered to be organised. Unorganised labour, on the other hand, is totally dependent on the whims of capitalists and the whims of the markets. Unorganised labour refers to people who have not been able to band together in pursuit of a common goal due to obstacles such the ad hoc nature of work, and ignorance and illiteracy. Small business sizes with modest capital expenditures per employee. The dispersed character of the establishments. The employer's superior power whether acting alone or in combination. Conflicts between classes and castes, poverty and a large population.

#### Identification of the Indian Unorganised Labour

Unorganised work in India is distinct in its traits. The majority of this labour force lives in villages and is reliant on agriculture for subsistence. Rural labour is uneducated, underpaid, unskilled, and either jobless or underemployed. He is mostly disorganised and makes his living below the poverty level. He is weaker because of these factors than more creative bosses. Due to his seasonal nomadic nature, his services are also not secure. He continues to be impoverished and open to exploitation as a consequence of all these traits. His dignity and his rights are

constantly suppressed. His unorganised condition is a result of a number of issues, including underemployment, seasonal and nomadic nature of employment, poverty, indebtedness, social class and caste conflicts, lack of unionisation, and illiteracy[1], [2].

### **Importance**

In order to maintain their dignity and foster the human potential of people who work, welfare states have a fundamental obligation to provide their basic necessities. We must ensure that the preamble's pledge to create an equitable society with justice, social order, economic order, and political order is kept. This is only feasible if the hardship of unorganised workers is fully acknowledged. We need to be able to convince them to join organised labour at the very least.

The widespread unemployment and poverty in the nation are what lead to this abuse of unorganised workers. They are unable to successfully negotiate on pay and other living circumstances because of their inherent lack of organisation, which reduces their negotiating strength. The second reason is that the inspectorate in charge of overseeing the application of labour law focuses only on the organised sector and completely disregards the unorganised sector. They are largely denied the advantages of the employment law for these two reasons.

Actually, because of illiteracy and a lack of negotiating power, unorganised labour is irresponsible and unaware of their rights. Therefore, it is primarily the responsibility of individuals who study and understand the law as well as social professionals to step out and help the community.

### **Problems**

The Indian hamlet is not an oasis of self-respect, humanising activity, or creative existence. It is commonly known that there are conflicts between classes and castes, stagnation, underemployment and unemployment, malnutrition, and a lack of even the most basic utilities. Neither socialism nor capitalism have been accepted by us. Because we have a mixed economy, we have given certain regions to the public sector and others to the private sector. Laws have been crafted to[3], [4] control the private, organised and unorganised sector. Despite the fact that these employees make up a sizable fraction of those who create products and offer services, the Government has until now given them little attention outside of a brief reference in the 1946 policy statement. Even in the organised sector, a portion of the entire labour force must be excluded from the legal framework since some businesses employ fewer people than the legal minimum.

They are unable to support their legitimate demands and gain fair working conditions in the absence of effective organisation. The lack of advantages from labour regulations for rural and unorganised employment is a widespread concern. The minimum wages Act of 1948 was the first attempt at statutory regulation of the wages and, to some extent, working conditions of labour employed in the scattered trades. Because this labour was not organised, it had little bargaining power and was denied fair wages and working conditions. They have no further legal protections outside the Minimum Wages Act, which is ineffectively applied. The Industrial Disputes Act of 1947 and the Factories Act of 1948 both include. "Specific and detailed provisions for items within their purview were not designed to meet the conditions of and requirements in unorganised industries and employment." NCL report.

India ratified the Labour Inspection Convention of 1947 in 1949 as a consequence. The proper application of such rules is provided for by inspection personnel under labour laws, although this provision has also shown to be of little use. It is no secret that worker exploitation, and the despicable practise of bonded labour in particular, still exist in India despite all the preventative and punitive legislation, both old and new, and despite government statements to the contrary.

What's more, employment laws intended to promote welfare and benefits are likewise mostly ineffective. The majority of Indian workers continue to live inhumane lives. Even after it was outlawed, bonded work is still widespread. Marginal farmers' and agricultural workers' lives are unstable. They are oppressed, crushed, and continuously the target of crimes. They receive subhuman treatment and are denied all rights and equality. Mobility and circumstances improving are not even fantasies. These identical circumstances lead individuals to leave the countryside and go to the city, either in quest of a better way of life or merely to protect themselves from atrocities. Women's labour is not seen as being as effective or as superior to that of males. Therefore, there is prejudice in how their earnings are paid. The female labour force is required to care for children, do home duties, and work to support the family. They are unable to speak in a voice that is discordant with that of males, thus their situation is still dire. poverty, debt, societal norms, and illiteracy. Some of the issues preventing their capacity to organise include the nomadic and seasonal nature of their work, unemployment, and underemployment.

Other issues include bonded labour, the eviction of adivasis from areas they had previously farmed, the denial of minimum wage to agricultural workers, contract labourers who lack access to basic necessities, and many more. The aspirations of the unorganised labourers have not been met by the current labour rules. In addition to the aforementioned issues, there are no social security programmes, set working hours, or housing programmes for such unfortunate employees.

## **DISCUSSION**

### **Governmental Policies and Programmes**

The 20-point Economic Programme gave organising rural labourers a significant position. The difficulties of rural workers, which was mostly unorganised and unprotected by the existing labour laws, were also considered during the May 1977 meeting of the Indian workers Conference. More than 70% of the nation's workforce is made up of this rural labourer. Only 24.83 million individuals were reportedly working in the organised sector, compared to 236.69 million in the unorganised one. The 1978–83 draught five-year plan also included work organisation for the underprivileged and landless. As a result, on January 26, 1978, a special meeting on rural unorganised labour was held. The purpose of the meeting was to talk about the situation of rural workers and provide practical suggestions for organising them. A rural leadership training programme, the execution of the Minimum Wage Act, and comprehensive legislation for the welfare of farm workers were among the other suggested actions during the conference. But regrettably, the Rural Labour Conference was a total failure since nothing was spoken concerning its continuation, further work, or programming.

In November 1976, the Maharashtra government established a committee to look into the issues of illegal loans and forced work. The Committee conducted valuable work in shedding light on the issues and exposing the inhumane exploitation and enduring servitude of the impoverished. The presence of bonded labour and other types of exploitation, including

"palemod", "lagnagadis", "gharadis", "Saldors," and "lanzana" all of which originated as a result of the poverty of the Adivasis was discovered by the committee, despite official denial by the Maharashtra government.

The Maharashtra Employment Guarantee Act, passed in 1977, is a significant step towards ending the use of bonded labour and ought to be used as a template by other States. Kerala has more or less made aggressive moves in this area, more so than the U.P., Rajasthan, M.P., Gujarat, Orissa, Karnataka, and Andhra Pradesh. In Karla, the minimum wages set for agricultural labourers are the highest in the nation. One of the most significant regulations in favour of employees in the agricultural industry is the Agricultural Labour Act of 1974. Another significant step towards providing equitable treatment to agricultural employees is the Agricultural employees Provident Fund Scheme of 1979. The Provident Fund Scheme is funded by payments from agricultural employees and their employers; each party's contribution is set at 5% of the worker's and employer's salary. These are praiseworthy actions that would provide impoverished landless and other agricultural labourers social protection, decent salaries, regular hours of work, and equipment for resolving conflicts. There are regulations governing worker unemployment benefits in Punjab and Bengal. Social security for families living below the poverty line has just been established, including insurance for life and housing against fire, flood and other disasters. According to the preliminary report from the National Survey on the Occurrence of Bonded Labour, November 1978 (Statistical Pre-analysis 4). 18.3% of scheduled tribes, 66% of scheduled castes, 8.9% of backward classes, 2.73% of caste Hindus, and 1% of other castes are unsure about the group to which bonded labourers belong[5], [6].

Another crucial project is the "Food for Work" programme. It is a very beneficial project to prevent starving deaths for the poor. Similarly, in Kerala, the Agricultural Workers Act of 1974, the Kerala Agricultural Workers Provident Fund Scheme 2, the Maharashtra Employment Guarantee Scheme of 1977, the Food for Work programme, and the Antyodaya Scheme are some of the loudable attempts to improve the continuously deteriorating economic and social conditions of rural labour, which primarily consists of the Harijan and Girijan Labour and may result in an improvement in their economic conditions. The Maharashtra Employment Guarantee Scheme (EGS), a permanent, year-round enforceable mechanism that ensures payment of salaries even when employment is not offered to rural employees, is another efficient alternative. To battle poverty, backwardness, and the persecution of the poor, however, all of these plans are palliative, remedial, rather than dramatic and revolutionary. The 6th Plan has provisions for organising rural labourers. It is important for securing the advantages intended for rural employees under the different development programmes as well as for properly implementing the minimum wage regulations. According to the Approach Paper 2's prediction that "the Seventh Plan" will include a National Employment Programme, funding for this initiative was allocated in the Seventh Plan. The plan was started with a focus on the production of commercial crops and food grains, where the majority of landless workers, seasonal workers, and women workers are employed.

### **Governmental Wage Policy**

According to the approach paper, "the formulation of a National Wage Policy is essential." The most pressing requirement is to create a link between salaries provided to employees in the organised and unorganised sectors, including regular reviews, the setting of minimum wages, and their implementation in each of the nation's key agro-economic regions. Although work rates

for each major agro-economic area could not be established during the Seventh Plan, the creation of job possibilities via NREP, RLEGP, and JRY had an influence on raising the minimum earnings in the unorganised sector.

### **Poverty**

The goal of government-sponsored poverty alleviation initiatives like the National Rural Employment Programme (NREP), Integrated Rural Development Programme (IRDP), Rural Works Programme (RWP), Rural Landless Employment Guarantee Programme (RLEGP), Jawahar Rojgar Yojna (JRY), and others is to give the rural poor access to assets that will enable them to escape poverty. The seventh Five Year Plan for small-scale and rural enterprises was mentioned in the Approach document. In order to provide our working poor, who total around 150 million (of the 240 million who labour in the unorganised sector), with meaningful and productive employment, the Approach Paper of the Seventh Plan asks for this.

Recently, new directions have been outlined in the draught of the Approach Paper of the Eighth Five Year Plan. The fundamental premise of the proposed recommendation is that the state must take the lead in creating sufficient employment and guaranteeing a minimally adequate standard of living for all people, particularly the poor. The main tool for achieving this goal is the Promise of Guarantee of Right to Work. Additionally, the strategy for addressing the issues of urban poverty should concentrate on using State apparatus and worker organisation to impose minimum wages in the unorganised sector.

### **ILO'S Participation, Human Rights, And Judicial Trends**

Because workers have always been a weaker class, the laissez faire philosophy has led to labour exploitation and victimisation at the hands of creative employers. Two classes with opposing interests were born as a result of intact laissez-faire, one being the exploiters and the other the victimised. The overall situation has, however, changed dramatically through time and with the introduction of the welfare state model. As a consequence of the democratic construction of welfare states, industrial democracy eventually gave rise to participatory management.

People are beginning to place more weight on human rights as a result of their rising awareness of their entitlement to a way of life consistent with human dignity and their growing desire for circumstances that would ensure such a life.

This is shown by PUDR, Salal Hydro, Bandhu, and Neeraja. The universal declaration of human rights is the highest manifestation of the efforts and goals of 1.1.0.1948 and the Second International Covenant, which was created by the United Nations in 1966 and focused on civil and political rights as well as economic, social, and cultural rights. At the national level and by the courts, there has been a natural tendency towards placing more emphasis on human rights, and this trend is growing daily. Even if they play a significant role in policies, the forces of hate, selfishness, prejudice, and inertia continue to pose significant hurdles, and it seems that more efficient methods of coordinating the activities of all persons of good intent are still required. This is confirmed by Sanjit Roy, Salal, Bandhua, BHEL, PUDR, and Vasavada. We must look at I.L.O.'s goals and objectives. In addition to stating that "poverty anywhere constitutes a danger to prosperity everywhere" and affirming that labour is not a commodity, the Declaration of Philadelphia outlined two fundamental principles[7], [8].



### **Economical Security Is Right To**

This covers the rights to employment, to social security, and to a minimum income. Naturally, the aforementioned fundamental human rights cannot be attained without these rights. The right to labour is crucial because without it, a man won't have a minimal wage, and without that, it becomes impossible for him to exist, especially in India, where poverty is pervasive. As a result, at some time, in the absence of the absolute necessities for survival, his right to life may likewise be in jeopardy. The International Labour Organisation (ILO) accepted the Minimum Wage Fixing Machinery Convention No. 26 as Snacks in 1928, which was named by India in 1955 because to the urgency of this issue. The Minimum Wages Act was approved and put into action in India in 1948, however its applicability is both restricted and ineffectual. The argument that the minimum wage act violated Article 19(1)(g) of the Indian constitution was rejected by the Supreme Court, which ruled that the law is lawful and the limitation placed under Article 19(6) is not excessive. By stating that the payment of minimum wages is required and that if any enterprise fails to do so, it has no legal recourse, the Supreme Court has secured the right to a minimum income.<sup>3</sup> The Universal Declaration of Human Rights states that everyone has the right to work, and the Indian Constitution's Articles 41 and 43, which guarantee adequate wages, embody the same spirit.

In the area of pay The Indian Trade Disputes Act of 1929, a piece of law intended to safeguard workers in their unrestricted enjoyment of their earnings, is credited as being one of the early examples of what is now known as the Industrial Law. The earlier system, which included the master providing commodities to the workers in exchange for payment in kind and eventually cash, was often open to misuse and needed continual attention. and required verification) the unjust deductions on the Whitely Commission Report that led to the 1936 Wages Act. A few significant exceptions were included by the modifying statute No. 53 of 1964, and the statute was most recently updated by Act No. 38 of 1982 by the Parliament. Following that, the Industrial Employment (Standing Orders) Act of 1946 and the Industrial Disputes Act of 1947 were created. The Minimum Wages Act of 1948 was the final regulation.

### **Legal Trends**

Case of Chandra Bhawan: In this decision, the Supreme Court ruled that an industry has no right to exist if the mandated rates have a negative impact on it. Preventing sweated work and the exploitation of unorganised labour is the major goal of the Minimum Wages Act. Regardless of the size of the industry or unit today, it is the responsibility of the State to ensure that workers get at least the minimum wage. Just the first step in that approach has been taken with the minimum wage adjustment. The state will eventually need to take a lot more actions to carry out that requirement. The Crown Aluminium Case. Since the Act's policy is to prevent the employment of such sweaty labour in the interest of the general public, the capacity of the employer is not a factor when determining the minimum wage rates because, according to the presumption of a welfare state, every employer must pay the minimum wage before hiring labour.

### **Governmental policies and programs**

The 20-point Economic Programme gave organising rural labourers a significant position. The difficulties of rural workers, which was mostly unorganised and unprotected by the existing labour laws, were also considered during the May 1977 meeting of the Indian Workers Conference. More than 70% of the nation's workforce is made up of these rural labourers. Only

24.83 million individuals were reportedly working in the organised sector, compared to 236.69 million in the unorganised one.

The 1978–83 draught five-year plan also included work organisation for the underprivileged and landless. As a result, on January 26, 1978, a special meeting on rural unorganised labour was held. The purpose of the meeting was to talk about the situation of rural workers and provide practical suggestions for organising them. A rural leadership training programme, the execution of the Minimum Wage Act, and comprehensive legislation for the welfare of farm workers were among the other suggested actions during the conference. But regrettably, the Rural Labour Conference was a total failure since nothing was spoken concerning its continuation, further work, or programming. In November 1976, the Maharashtra government established a committee to look into the issues of illegal loans and forced work. The Committee conducted valuable work in shedding light on the issues and exposing the inhumane exploitation and enduring servitude of the impoverished. The presence of bonded labour and other types of exploitation, including "palemod", "lagnagadis", "gharadis", "Saldors," and "lanzana" all of which originated as a result of the poverty of the Adivasis—was discovered by the committee, despite official denial by the Maharashtra government[9], [10].

The Maharashtra Employment Guarantee Act, passed in 1977, is a significant step towards ending the use of bonded labour and ought to be used as a template by other States. Kerala has more or less made aggressive moves in this area, more so than the U.P., Rajasthan, M.P., Gujarat, Orissa, Karnataka, and Andhra Pradesh. In Kerala, the minimum wages set for agricultural labourers are the highest in the nation. One of the most significant regulations in favour of employees in the agricultural industry is the Agricultural Labour Act of 1974. Another significant step towards providing equitable treatment to agricultural employees is the Agricultural employees Provident Fund Scheme of 1979. The Provident Fund Scheme is funded by payments from agricultural employees and their employers; each party's contribution is set at 5% of the worker's and employer's salary. These are praiseworthy actions that would provide impoverished landless and other agricultural labourers social protection, decent salaries, regular hours of work, and equipment for resolving conflicts. There are regulations governing worker unemployment benefits in Punjab and Bengal[11], [12]. Social security for families living below the poverty line has just been established, including insurance for life and housing against fire, flood and other disasters. According to the preliminary report from the National Survey on the Occurrence of Bonded Labour, November 1978 (Statistical Pre-analysis 4). 18.3% of scheduled tribes, 66% of scheduled castes, 8.9% of backward classes, 2.73% of caste Hindus, and 1% of other castes are unsure about the group to which bonded labourers belong.

Another crucial project is the "Food for Work" programme. It is a very beneficial project to prevent starving deaths for the poor. Similarly, in Kerala, the Agricultural Workers Act of 1974, the Kerala Agricultural Workers Provident Fund Scheme 2, the Maharashtra Employment Guarantee Scheme of 1977, the Food for Work programme, and the Antyodaya Scheme are some of the laudable attempts to improve the continuously deteriorating economic and social conditions of rural labour, which primarily consists of the Harijan and Girijan Labour and may result in an improvement in their economic conditions. The Maharashtra Employment Guarantee Scheme (EGS), a permanent, year-round enforceable mechanism that ensures payment of salaries even when employment is not offered to rural employees, is another efficient alternative. To battle poverty, backwardness, and the persecution of the poor, however, all of these plans are palliative, remedial, rather than dramatic and revolutionary. The 6th Plan has provisions for

organising rural labourers. It is important for securing the advantages intended for rural employees under the different development programmes as well as for properly implementing the minimum wage regulations. According to the Approach Paper 2's prediction that "the Seventh Plan" will include a National Employment Programme, funding for this initiative was allocated in the Seventh Plan. The plan was started with a focus on the production of commercial crops and food grains, where the majority of landless workers, seasonal workers, and women workers are employed.

### **Governmental Wage Policy**

According to the approach paper, "the formulation of a National Wage Policy is essential." The most pressing requirement is to create a link between salaries provided to employees in the organised and unorganised sectors, including regular reviews, the setting of minimum wages, and their implementation in each of the nation's key agro-economic regions. Although work rates for each major agro-economic area could not be established during the Seventh Plan, the creation of job possibilities via NREP, RLEGP, and JRY had an influence on raising the minimum earnings in the unorganised sector.

### **Poverty**

The goal of government-sponsored poverty alleviation initiatives like the National Rural Employment Programme (NREP), Integrated Rural Development Programme (IRDP), Rural Works Programme (RWP), Rural Landless Employment Guarantee Programme (RLEGP), Jawahar Rojgar Yojna (JRY), and others is to give the rural poor access to assets that will enable them to escape poverty. The seventh Five Year Plan for small-scale and rural enterprises was mentioned in the Approach document. In order to provide our working poor, who total around 150 million (of the 240 million who labour in the unorganised sector), with meaningful and productive employment, the Approach Paper of the Seventh Plan asks for this.

Recently, new directions have been outlined in the draught of the Approach Paper of the Eighth Five Year Plan. The fundamental premise of the proposed recommendation is that the state must take the lead in creating sufficient employment and guaranteeing a minimally adequate standard of living for all people, particularly the poor. The main tool for achieving this goal is the Promise of Guarantee of Right to Work. Additionally, the strategy for addressing the issues of urban poverty should concentrate on using State apparatus and worker organisation to impose minimum wages in the unorganised sector.

### **Workers' Participation, Human Rights, And Judicial Trends**

Because workers have always been a weaker class, the laissez faire philosophy has led to labour exploitation and victimisation at the hands of creative employers. Two classes with opposing interests were born as a result of intact laissez-faire, one being the exploiters and the other the victimised. The overall situation has, however, changed dramatically through time and with the introduction of the welfare state model. As a consequence of the democratic construction of welfare states, industrial democracy eventually gave rise to participatory management.

People are beginning to place more weight on human rights as a result of their rising awareness of their entitlement to a way of life consistent with human dignity and their growing desire for circumstances that would ensure such a life. This is shown by PUDR, Salal Hydro, Bandhu, and Neeraja. The universal declaration of human rights is the highest manifestation of the efforts and

goals of 1.1.0.1948 and the Second International Covenant, which was created by the United Nations in 1966 and focused on civil and political rights as well as economic, social, and cultural rights. At the national level and by the courts, there has been a natural tendency towards placing more emphasis on human rights, and this trend is growing daily. Even if they play a significant role in policies, the forces of hate, selfishness, prejudice, and inertia continue to pose significant hurdles, and it seems that more efficient methods of coordinating the activities of all persons of good intent are still required. This is confirmed by Sanjit Roy, Salal, Bandhua, BHEL, PUDR, and Vasavada. We must look at I.L.O.'s goals and objectives. In addition to stating that "poverty anywhere constitutes a danger to prosperity everywhere" and affirming that labour is not a commodity, the Declaration of Philadelphia outlined two fundamental principles.

### CONCLUSION

The ramifications of unorganised labour for economies and communities are also covered. Due to inefficient resource allocation and a lack of investment in human capital, the existence of a large informal workforce may impede economic development and productivity. Moreover, governments find it difficult to create efficient regulations and provide focused assistance to meet the requirements of employees due to the informal sector's lack of visibility. Various remedies and governmental initiatives to solve the problems encountered by unorganised labour. These include formalising unofficial labour, extending social safety programmes, increasing access to education and training, and encouraging collective organising for stronger representation and negotiating leverage. The significance of identifying and resolving the problems caused by unorganised labour. Policymakers and stakeholders may develop tailored interventions to build a more inclusive and fair labour market by recognising the special traits and vulnerabilities of informal workers. Strengthening unorganised labor's rights and safeguards may promote social cohesion, sustainable economic development, and the general welfare of both employees and society.

### REFERENCES:

- [1] N. Sirijindadirat, "SG-APSIC1182: Sequential time workforce management," *Antimicrob. Steward. Healthc. Epidemiol.*, 2023.
- [2] V. Jamuna, "Socio-Economic Status of Women Bidi Workers in Karimnagar Telangana," *Int. J. Trend Sci. Res. Dev.*, 2018.
- [3] A. R. Chopra and H. Purohit, "4IR and Women Empowerment in India," in *Lecture Notes in Networks and Systems*, 2022.
- [4] D. A. A. Swami, S. Rane, D. S. Kumar, D. R. Netragaonkar, and D. A. K. Jha, "Hysterectomies and bodily autonomy in female migratory farm laborers in the unorganized labor sector in Beed district of Maharashtra: A Review Article," *VIMS Heal. Sci. J.*, 2022.
- [5] R. Vettriselvan, F. S. A. Antony Jesu Rajan, and N. Arunkumar, "Child labour in unorganized mechanical engineering industries of Tamil Nadu: A situation analysis," *Int. J. Mech. Eng. Technol.*, 2018.
- [6] S. M. Dev, "Labour Market Inequalities in India: Dimensions and Policies," *Indian J. Hum. Dev.*, 2018.

- [7] I. Majeed, "Indian Handicraft Industry and Globalization: An Analysis of Issues and Challenges," *Am. Int. J. Res. Humanit. Arts Soc. Sci. AIJRHASS*, 2018.
- [8] I. Satpathy, B. C. M. Patnaik, and N. Tripathy, "A study on workers in organized and unorganized sectors in automobile industry: A review of literature," *International Journal of Mechanical Engineering and Technology*. 2018.
- [9] A. Bonilla, "The Joseph S. Murphy Student Essay Prize Winner: Janus, the Roman God, and the Labor Movement," *New Labor Forum*, 2018.
- [10] R. K. Bansal and C. Goel, "Income Pattern and Economic Status of Unorganised Sector Labour in District Meerut," *J. Commer. Trade*, 2018.
- [11] P. Denice and J. Rosenfeld, "Unions and Nonunion Pay in the United States, 1977-2015," *Sociol. Sci.*, 2018.
- [12] Chandramouli and Kodandarama, "Women domestic workers in India: An analysis," *Int. J. Innov. Technol. Explor. Eng.*, 2018.

## CHAPTER 9

### UNORGANIZED LABOUR IN VARIOUS SPHERES

---

Dr. Sandeep Kumar, Assistant Professor  
Department of Mathematics, IIMT University, Meerut, Uttar Pradesh, India.

#### ABSTRACT:

Unorganised labour makes up a significant fraction of the worldwide workforce in a variety of contexts, including different sectors and professions. The presence and features of unorganised labour in several industries are examined in this abstract, giving insight on the difficulties these employees confront and the repercussions for economies and society. The definition and extent of unorganised labour are first highlighted in the abstract, with an emphasis on its informal character and lack of official employment agreements and social safeguards. It explores the prevalence of unorganised labour across a range of industries, including small-scale manufacturing, household employment, street selling, and agriculture. The abstract then looks at how unorganised labour operates in each of these fields. Small-scale farmers and rural labourers often work in insecure circumstances in agriculture, contending with issues including poor pay, difficulty obtaining finance, and susceptibility to weather-related dangers. Migrant workers and employees paid on a daily basis in the construction sector often face hazardous working conditions and lack adequate legal safeguards. The majority of domestic employees are women, who usually endure exploitation, long hours, and little pay. Small-scale producers and street sellers sometimes suffer because they have trouble reaching established marketplaces and are threatened with eviction. The abstract also explores the difficulties posed by unorganised labour in several fields. These difficulties include a lack of work stability, low pay, insufficient opportunity for education and skill development, and exclusion from social safety nets. In addition, informal employees may encounter obstacles to unionisation and collective bargaining, further maintaining their precarious position.

#### KEYWORDS:

Government, Labour, Law, Management, Unorganized Labour, Welfare.

#### INTRODUCTION

In the past, people and nonprofit organisations have always been interested in rural development. Numerous rural rebuilding initiatives were established to reduce rural poverty. Rabindra Nath Tagore established the Sri Niketan Project for rural rebuilding in 1928, while the Y.M.C.A. launched the Marthandon Project in Kerala the same year. F.L. Braya established the "Village Guides" programme in 1927 while serving as the deputy commissioner in Gurgaon. He also started the "Etwah Project" and the "Kasamba Project," all of which attempted to better the lives of rural residents.

Jawahar Lal Nehru and Mahatma Gandhi often reminded the country men throughout the battle for independence that "India lives in its villages and unless they are lifted from the scourge of poverty, the Swaraj would not be complete." Mahatma Gandhi used Sewagram as a means of encouraging productive effort in this area. In actuality, the Gandhian tradition was "continued" through the BhooDan and Gramme Dan Movements. Although these initiatives made some

progress, rural development, which involves many different disciplines, was also taken into consideration in order to turn the nation's stagnant economy into one that can support itself through social, economic, political, and technological factors[1], [2].

The word "development" is often linked to the advancement of technology, an increase in money, and an improvement in the standard of living. However, the Gross National Product (GNP) is sometimes used as a narrowly defined indicator of a nation's progress. After gaining its independence, the Indian government created a number of plans and schemes for rural development, including:

1. Community Development Programme 1952
2. National Extension Service 1953
3. Khadi and Rural Industry Programme 1954
4. Rural Housing Project 1957
5. Multi-Purpose Project 1957
6. Scheduled Tribes Development Unit Programme 1957
7. Package Programme 1960
8. Intensive District Agriculture Area Programme 1962
9. Applied Nutrition Programme 1962
10. Village Industry Scheme 1962
11. Intensive Agriculture Area Programme 1966
12. High Productive Varieties Programme 1966
13. Training and Education of Farmers Programme 1966
14. Well Construction Programme 1967
15. Village Work Programme 1967
16. Scheduled Tribe Development Unit 1966
17. Village People Power Programme 1969
18. Drought Affected Area Programme 1970
19. Cash Programme for Village Employment 1971
20. Small Farmers Development Agency 1971
21. Scheduled Tribe Area Development Programme 1972
22. Pilot Programme for Scheduled Tribe Development 1972
23. Intensive Pilot Rural Employment Programme 1977
24. Minimum Needs Programme 1972
25. Command Areas Development Programme 1972
26. Special Milk Production Programme 1972
27. Food for Work Programme 1977
28. Desert Areas Development Programme 1977
29. Intensive Village Development Programme 1979
30. TRYSEM 1979
31. Intergraded Rural Development Programme 1979
32. National Employment Programme 1980
33. New 20 Point Programme 1980
34. Rural Women and Child Welfare Programme 1983
35. Intergraded Rural Development Programme 1985-90

As a result, it is evident from the various programmes that the Indian government took a number of actions to combat poverty in the 1970s and early 1980s. One such effort to reduce rural

poverty is the Integrated Rural Development Programme. The "Garibi Hatao" initiative, which the Prime Minister launched to usher in the 1970s, had as its stated goal the elimination of poverty from an All India index of 51.1% in 1979–80 to 10% by the conclusion of its prospective period of 15 years, or by 1994–95. This campaign, which started a multi-pronged war on poverty, was carried out during the whole plan period. Hunger, squalor, sickness, illiteracy, forced work, and many social initiatives are all difficulties brought on by poverty. Therefore, the attack's other front was the creation of job possibilities, and its other front was asset endowment activities for the rural poor who had little assets[3], [4].

## **DISCUSSION**

India now contains 575,936 villages, 548 million rural residents, and 136 million households, compared to 110 million urban residents and 27 million households. Approximately 40% of all rural households are made up of sub-marginal farmers and agricultural workers. The remaining 40% are categorised as farmers, while around 20% are marginal. Now, economists, sociologists, planners, and politicians see rural development as being essential to both national development and social wellbeing.

Bhagavathi supports development that is balanced. Rural development ultimately depends on the fundamental conditions for economic growth, namely savings and investment as well as a growing industrial market. While some may see this as a necessary component of the process of economic development, the government and planners have recently come to the conclusion that this alone, regardless of the structure of production, is insufficient to achieve economic growth.

It is important to broaden the scope of the intended economic development goals to include both growth and the eradication of poverty. Under order to maintain a balance between all sectors, the philosophy of "balanced growth" also states that all economic sectors should expand concurrently under development initiatives.

### **Definition of IRDP**

The Task Force on Integrated Rural Development states that "Integrated development encompasses both spatial and functional integration of all pertinent programmes bearing on increased agricultural production and reduction of unemployment and underemployment among small farmers and agricultural labour." The current agenda may be seen as a synthesis of pertinent initiatives that are appropriate for local circumstances and priorities. It represents the growth of the rural society in all of its aspects, including social, economic, institutional, and administrative, according to Chaturvedi. This new strategy promotes integrated performance and the achievement of all predetermined goals.

### **Methods used by IRDP**

The Central and State Governments used several strategies in this regard.

#### **1. A multifaceted strategy**

The goal of the Community Development Programme of 1952 was to fully develop an area's human and material resources via the combined efforts of its residents and the active support of the government.



## 2. Using a Minimum Package

In 1960–1961, it was introduced as the Intensive Agricultural District Programmed.

3. Target Group Approach Programmes like the SFDA/MFLA and Rajasthan's Antyodaya Schemes are examples of this strategy.

## 4. Development Approach by Areas

DPAP, TDP, CAD hill area, development, etc. fall under this method since they are used to improve the underdeveloped regions and backward areas.

## 5. A Spatial Planning Strategy

The strategy sought to accelerate integrated area development around prospective growth centres by bringing near action plans that were pertinent to it.

## 6. An Integrated Approach to Rural Development

It includes four different sorts of activities:- (a) boost output in agriculture and related industries including horticulture and animal husbandry.(a) A focus on small businesses, handicrafts, and rural cottage industries(c) The tertiary sector, which includes craftsmen and the need for trained labourers in a number of agricultural operations; (d) Labour mobilisation, which involves skill development and organised employment for the working class[5], [6]. The plan papers' strategy is quite all-encompassing. According to the 6th Plan, "The main goal of the IRD Programme will be to develop an operationally integrated strategy for the purpose of increasing production and productivity in agriculture and related sectors based on better use of land, water, and sunlight on the other hand, and on the other of the resources and income development of vulnerable section of the population in all the block of the country.

The Seventh Plan has also taken into consideration a number of corrective actions in light of the findings of several impact assessments. This project was first introduced in 20 blocks in March 1976, then in 1978–1979 it was extended to 2300 blocks throughout the nation. The nationwide implementation of this project began on October 2, 1980. The primary goals of the IRDP are to lift families in the designated target groups out of poverty and to provide a significant amount of new possibilities for creating jobs in rural regions will benefit those who live there. Rural development, in the words of the World Bank, is "just a strategy designed to improve the economic and social life of a specific group of people the rural people." In plain language, the following is what IRDP stands for:

to enhance people's social and economic well-being. To increase the number of possibilities for the vast majority of rural residents especially farmers, small-scale farmers, and agricultural workers to take part in the scheme's development activities. to improve the quality of life via social contributions such drinking water, health care, and education as well as through economic production by raising the average family income. to implement the IRDP's self-employed feeling plan. As was said above, while developing the corrective measures for this project, careful consideration was given to the issues facing the working force, who suffer greatly from unemployment. They are often labourers who lack skills and are mostly uneducated. As a result, the estimation issue that the Planning Commission presented for various time periods in the past revealed that the labour force was rising as follows:

1. During the 1st Five year Plan	9.00 million
2. During the 2nd Five year Plan	11.8 million
3. During the 3rd Five year Plan	17.00 million
4. During the Annual Plan (3 Year)	14.00 million
5. 1966-76 a period of 10 Years	43.00 million
6. During 6th Five Year Plan	34.29 million

Only 1.8 million people were added annually under the First Plan. The young in rural areas suffer the most as our work force grows by 70 to 80 lakh each year. Young individuals from rural regions who lack education are forced to migrate to metropolitan areas where they will work as labourers. They work in the manufacturing sector of the organised economy to support themselves. But rather than bringing economic contentment, tokenism, inequities, and a lack of knowledge cause further discontent. Upon realising the issue, our previous prime minister Shri Rajiv Gandhi said, "The aims of our strategy are food, work, and production. We have focused on increasing production over the last two years, and we have achieved significant advancements. Empetus has been given a new direction. The focus will now be on employment or eliminating unemployment. Those are

1. Rural Works Programme (1961)
2. Rural Manpower Programme (1964-65)
3. Crash scheme for rural Employment (1971-72)
4. Pilot Intensive Rural Employment (1966)

Food for work programme was launched in 1977 to provide employment of the rural labour:

- i. National Rural Employment Scheme
- ii. The Rural Landless Employment Programme (1966)
- iii. Training scheme for Rural Youth for Self Employment.
- iv. Indira Awaas Yojana, a part of RLEGP

These programmes provide free homes to SC/ST citizens as well as free bonded work. Additionally, it offers paid jobs. DWACRA, or Development of Women and Children in Rural Areas, is a component programme of the IRDP that gives rural women jobs to improve their economic situation.

### Limitations

Khusro "has emphasised the dearth of anti-poverty programmes and the poor quality of social services. Although he praises the integrated rural development program's rationale, he notes that despite the program's work being carried out with varying degrees of effectiveness, it has not produced outcomes that are in line with its expenses and efforts. The IRDP Delivery System is ineffective, and below the district level, the input from the line departments is not coordinated. And the backup software is inadequate[7], [8].

Poor people are hesitant to reveal ineligible beneficiaries at the Gramme Sabha meeting for fear of retaliation, according to Thimmiah. His investigation revealed that while banks offered loans between Rs. 2500 and Rs. 3000, the amount that really reached the needy only varied between Rs. 1300 and Rs. 1500. Use the loans for their own consumption in certain situations. Another

element that has an impact on the plan is the bad advice offered by politicians who have vested interests in the program's failure. Because they lack literacy and accounting knowledge, the poor, while a result, these folks are having a lot of difficulties while they heal.

According to a P.E.O. research, one of the main obstacles to IRDP is the incorrect identification of recipients, which ranges from 15% to 26%. Another research explores inaccurate beneficiary identification as well as gaps and inconsistencies in programme execution, insufficient loan amounts, and improper use of money. Illiteracy among rural residents, particularly among recipients, has been shown to be a key contributing cause of the IRDP's subpar implementation. Nothing has changed about how the project for drought-prone areas is being implemented. Government programmes had little impact in these locations. Instead of helping the needy, fishing projects have benefited private fish sellers. Inadequate standards, ex-master pressure to get them back to work, and a lack of precise arrangements for follow-up action to monitor the progress and avoid their relapse into bondage were all mentioned in a research on the rehabilitation of bonded workers.

According to Rangachari, the presumption about future employment developments in non-wage industries has not shown to be well-founded. It was assumed that special rural-oriented programmes like IRDP, NREP, RLEGP TRY, and TRYSEM could generate millions of jobs for men, but in all of these instances, due to fund leaks and inaccurate job data provided by the middle level agent, educated guesses have taken the place of hard statistics for the number of jobs created. The Public Accounts Committee of Parliament noted that March (sometimes known as "March Fever") sees a disproportionately high quantity of spending. Such a frenzied spending spree drives up asset prices and lines the pockets of intermediaries while compromising asset quality and encouraging other financial irregularities. According to a study of Sunder bans, although the workers are actually paid under different standards that deny them of up to 40% of their rightful wages, the financial payments for the schemes are determined in accordance with the work norms adopted for the National Rural Employment Programme. Another weakness of this strategy is the bank's strict limits for repayment.

Developmental Plans must be founded on the core rural society's traditional framework. There should be more work incentive programmes implemented. Introduced and supported in rural regions should be rural industries like Khadi and Village Industries, Handloom Sari Cultures, Handicrafts, etc. The abundantly accessible creative abilities of craftsmen should be appropriately discovered and used to their maximum potential. There should be coordination amongst the organisations working on development initiatives. To launch various small and cottage enterprises, certain prerequisites including physical infrastructure, banking, and finance need be accessible. To improve the abilities of entrepreneurs, clear-cut policies should be developed. TRYSEM plans have already started various initiatives. It is important to emphasise the IAD's new intervention methods since they have two main areas of focus: first, the immediate problems of the people, and second, the coordination of institutional actions.

In order for this work force to offer their goods, marketing assistance is crucial. The IRDP should prioritise agro-based sectors in rural regions to reduce suffering from natural disasters like drought and flood. It is necessary to enhance local infrastructures. Monitoring should be done, then assessment. Kulkarni proposes a 7-point programme, specifically for rural youth, that includes non-formal education in all of its forms, the reinforcement of ethical values along Gandhian lines, the expansion and improvement of apprenticeship programmes, the prevention

of urban migration through the employment guarantee scheme, the creation of sufficient jobs, and the establishment of conditions in which young people's basic needs will be met. These ideas are amenable to collaboration. The need of closely coordinating IRDP operations should be emphasised. The bureaucratic watertight compartment system has received much too much attention. According to Bandhopadhyay, their direct intervention strategy for reducing poverty should be connected with land reforms, planning and execution at the local level, and poor people's organisations. Hanumanth Rao and Ranagswamy discovered that low income groups had a considerable gain in income to the tune of 40 to 60 percent notwithstanding inefficiencies[9], [10].

### CONCLUSION

The ramifications of unorganised labour for economies and society are also examined in the abstract. Large informal workforces may have an adverse effect on economic development and productivity because they may not get enough investment in human capital and may not have access to formal finance systems. The implementation of labour rights and safeguards may also be hampered by the unorganised workforce's lack of legal recognition and representation. This addresses possible governmental solutions to solve the problems encountered by unorganised labour in several fields.

These include formalisation initiatives to bring undocumented employees within the jurisdiction of labour laws, increasing social security programmes, enhancing access to education and training for skill development, and encouraging collective organising to empower workers and increase their bargaining power. The need of addressing the problems caused by unorganised labour in a variety of industries. Policymakers and stakeholders may develop targeted strategies to improve the well-being and rights of these employees by recognising the distinctive features and vulnerabilities of informal workers in agriculture, construction, household services, street selling, and small-scale manufacturing. Strengthening safeguards and offering chances for formalisation may promote equitable and sustainable economic growth and improve the working environment.

### REFERENCES:

- [1] D. Poddar, "Domestic Workplace: Critical Crossroads of Unorganized Labour and Management," *Manag. Labour Stud.*, 2018.
- [2] M. V. Kumar, M. K. Bandlamudi, and P. P. D. Raju, "An Empirical Study on Socio Economic Conditions and Problems of Women Workers in Construction Sector Amaravati , Andhra Pradesh State," *Int. J. Humanit. Soc. Sci. Invent.*, 2018.
- [3] S. M. Dev, "Labour Market Inequalities in India: Dimensions and Policies," *Indian J. Hum. Dev.*, 2018.
- [4] P. Sivaprakash and S. Kanchana, "A study on statutory provisions for construction safety in india," *Arch. Civ. Eng.*, 2018.
- [5] D. Raj and B. P. Singh, "Demographic and socio-economic profile of labourers in construction industry of Varanasi city (India)," *J. Stat. Appl. Probab.*, 2018.
- [6] S. Gupta, "Legislative Failure in Addressing Social Security Concerns of Temporary or Short Duration Migrants Working in the Unorganized Sector," *SSRN Electron. J.*, 2018.

- [7] M. Gupta and M. Kumar, "Impact of ICT Usage on Productivity of Unorganised Manufacturing Enterprises in India," *Indian J. Labour Econ.*, 2018.
- [8] Chandramouli and Kodandarama, "Women domestic workers in India: An analysis," *Int. J. Innov. Technol. Explor. Eng.*, 2018.
- [9] D. Saikia and U. Gogoi, "Rural Unorganised Manufacturing Sector in Assam in the Post-reforms Period," *PRODUCTIVITY*, 2018.
- [10] S. Banerjee and D. Govil, "Bengali Female Migrants: Domestic Workers in Mumbai," *ANTYAJAA Indian J. Women Soc. Chang.*, 2018.

## CHAPTER 10

### A BRIEF STUDY ON LABOUR IN FIVE YEARS PLANS

---

Dr. Sanjay Goel, Professor  
Department of Mathematics, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

One important component of economic planning in many nations has been the incorporation of labour policy within the framework of Five-Year Plans. This abstract looks at the background and development of labor-related activities in five-year plans, emphasising the goals, tactics, and results of labor-centric planning. The argument for include labour factors in five-year plans is covered in the abstract's first paragraph. It goes into detail on how important labour is to production and how important it is to the expansion and advancement of the economy. The basis for labor-centric planning within the more comprehensive economic planning framework is the need to handle employment issues, labour market inefficiencies, and social welfare concerns. The abstract then examines the main goals for labour included in different Five-Year Plans. Promote full and productive employment, improve skill development and labour productivity, provide social protection for employees, and lessen gaps between the organised and unorganised labour sectors are a few examples of these goals. The methods used in various Five-Year Plans to accomplish labor-related goals are also looked at. These tactics may include the creation of training and skill-development programmes, changes to the labour market, improved worker rights and protections, encouragement of collective bargaining, and financial support for social welfare programmes.

#### **KEYWORDS:**

Economic, Planning, Safety, Welfare, Union.

#### **INTRODUCTION**

Economic analysts often divided productive resources into three categories: labour, capital, and land. Labour has always been acknowledged as a distinct aspect of production. In economics, "labour" refers to any physical or mental labour that is done in exchange for money. Without productive work, no production is possible. Labour is distinct from other factors of production and has certain traits that lead to a variety of labour issues in every nation. The most notable aspect of labour is how closely linked it is to the individual doing the work. Therefore, the working atmosphere is of the biggest importance. Second, since work involves people, discussions of issues related to it must take into account not just economic, moral, social, and other factors that have an impact on people.

All these quirks lead to a variety of labor-related issues. No of the country's economic or administrative structure, without addressing these issues, productivity and efficiency would suffer. Workplace issues have a significant influence on employees, employers, and society at large. As a result, these issues must be addressed from a variety of perspectives, including economic, political, psychological, sociological, legal, and administrative.

**Planning:**

More recently, the productive resources have been organised as a separate component of production planning. This organisation effort is being carried out systematically by an outside authority. Planning should start with the resources that are already accessible and just add better organisation afterwards. Continuous organisational efforts are what lead to a rise in quantity [1], [2] and, cumulatively, raise the quality of resources, resulting in development. Therefore, planning may be seen as nothing more than improved organisation, consistency, long-term organisation, and all-encompassing organisation. Planning does not imply that the government should possess the means of production, but rather that it should have effective control over them. Planning means that the action will be governed or directed from outside by the planning authority, which is often the government. Inside the State. It is assumed that this action is conducted because the rate or direction of growth in the absence of outside intervention is deemed unsatisfactory.

It takes more than one effort to plan. An economy that is still in its infancy requires long-term, consistent, and ongoing work. The organisational efforts were undertaken in opposition to the prevalent Laissez Faire theory, which said that governments should refrain from interfering in peoples' economic affairs and to "leave men free in their economic activities." It assumed private ownership of capital as a given, and this system led to the weak being exploited. Therefore, it was believed that something needed to be done to structure the economic systems in order to eliminate all forms of exploitation. The acknowledged method of increasing productivity, revenue, and accelerating a nation's overall advancement is currently a gradually controlled economy.

**Making plans in India:**

India went to a planned economy as soon as it gained independence. Laissez Faire could not continue to be a guiding principle for social interactions and economic endeavours. India is a developing nation from an economic standpoint. Self-interest played freely was seen as a barrier to social freedom.

We must make a deliberate effort to utilise the resources that are available to us to the fullest extent possible since they are few and desire for progress is insatiable. As a result, planning led to the creation of five-year plans. There is no explicit economic ideology outlined in the Indian Constitution. She included the socialist structure of society as a social safety measure. The government will undertake the planning effort with this goal in mind. India formed a Planning Commission in 1950, with the prime minister serving as its chairman. The two most significant of the Commission's many designated responsibilities are:

to create a plan for the nation's resources that is both efficient and balanced. evaluating periodically the progress made in carrying out each step of the plan, making recommendations, and modifying policies and measures as appropriate based on the results of such evaluations. The Commission has created seven plans, and each plan is in the process of development. The Planning Commission has shown a strong interest in developing a labour policy as well, although it would be prudent to examine the Constitutional "values" with regard to work before looking at the Five Year Plans and labour policy [3], [4].

## Constitutional Values and Labour

Justice, Liberty, and Equality are listed as the three major goals of the Constitution in the Preamble. Poverty and unemployment were the two major issues facing India at the time of its independence; they were the source of all other issues and required attention. India was established as a welfare state under the Constitution. Such a State's main goal would be to combat the poverty issue. The fundamental focus of the Constitution was social, economic, and political fairness.

### DISCUSSION

In addition to increasing job prospects, a course of steadily increasing industrialization was chosen for this, as well as for the country's economic progress. A productive workforce is necessary to reap the full rewards of industry. The management and employees must get along well and be in harmony with one another. In light of all of these considerations, the founding fathers included several measures regarding work in the constitution. The Constitution's Article 23 forbids begging and human trafficking, and other sorts of forced work that are comparable. No kid under the age of 14 may be hired to work in a factory, mine, or in any other dangerous occupation, according to Article 24.

On the other hand, the Directive Principles of State Policy in the Constitution are, as stated in the Constitution, "nevertheless fundamental in the governance of the country" There are allusions to the prohibition of exploitation in a number of places, despite the fact that they are not enforceable by any court of law. The main issue raised is the issue of poverty, namely the work situation and level of life. A variety of separate allusions, including - emphasise this.

1. Article 39(a)'s right to an appropriate standard of living
2. Article 43, a decent wage for all employees
3. improving nutrition and living conditions, in accordance with Articles 43 and 47.
4. Workers' strength and health are misused, as are young children.
5. Article 42 requires the State to provide provisions for reasonable and humane working conditions including maternity leave.
6. Article 43A of the Constitution, which was inserted by the 42nd Amendment, deals with employees' participation in industry management.

To establish economic justice for everyone is the ultimate goal in all of them. These instructions helped the Planning Commission formulate its policies.

## Wage and Plan for Five Years

Labour is given a significant role in the FiveYear Plans' development of policy. To meet the demands of a planned economy, labour policy in India has evolved in response to the unique circumstances relating to industry and the working class. The edicts of state policy have an impact on labour policy. The workplace in five-year plans will be examined in the pages that follow.

## Policy for the First Five Year Plan

The First Five Year Plan was created as the value of industrial workers to the national economy became more widely recognised. With the coming of Independence, labour received certain promises in acknowledgement of its long-ignored rights. The First Plan made an effort to give



these pledges a tangible form and to advance labour. The Commission's approach to labour issues was based on factors that were connected to, on the one hand, the needs of the working class's well-being and, on the other, the working class' essential role in the country's economic stability and advancement.

In the First Plan, the worker was praised as the key factor in achieving both the Plan's goals and the goal of universal economic prosperity. Further, it was said that two perspectives should be used to tackle labour issues: the wellbeing of the working class and the stability and advancement of the nation's economy. The employees' fundamental necessities like housing, clothes, and food must be met. improved social security coverage, improved educational possibilities, and recreational and cultural facilities should all be made available for the benefit of the public. His health must be protected at work, and he must be shielded from other threats as well. The management should treat him with respect, and if a fair arrangement cannot be reached, he should have recourse to an impartial machinery.

The Commission emphasised that the Central and State Governments were aware of the majority of these rights, which were acknowledged and included in the Constitution. The Commission emphasised that every effort should be made to finish the application of the current laws before new legislation was started. Various labour laws were mentioned in this context. The following categories apply to the labour recommendations that were made:

### **Employment Relations:**

The only foundation for peaceful industrial growth is harmony and friendly connections. The Commission expressed dissatisfaction with how the judicial system for resolving labour disputes was operating. Judgements were rendered with excessive delays, an absence of balance, and discord with the actual needs of the circumstance. The quality and expediency of the industrial and labour courts' work had decreased. As a result, the Commission opposed the Appellate Tribunal and preferred those conflicts be resolved between the employer and workers without the involvement of a third party. No appeal, save in exceptional circumstances, was offered. However, using automation to quickly resolve certain out-of-the-ordinary types of conflicts was not completely ruled out. It was advised that machines should follow the following guidelines:

- (i) the elimination of legal minutiae and procedures.
- (ii) the direct and ultimate resolution of every dispute.
- (iii) skilled and knowledgeable staff for tribunals and courts.
- (iv) fewer appeals to these courts; and
- (v) quick implementation of the award terms.

It was suggested that conflicts of an all-Indian character be handled by a central tribunal. Workers Committees were suggested for resolving disputes on the spot, along with joint committees for the centre and the industry as a whole. The Commission suggested creating "norms" and rules to control how employers and employees interact with one another. The panel recommended that roles and responsibilities of employers and employees be spelt out in detail in order to prevent conflicts. The ability to access the authorities and keeping up with industrial issues should be provided to workers. Trade unions should be encouraged, and employees' rights to collective bargaining, association, and organisation should be respected. Regarding the public sector, the Commission emphasised that such businesses should use models for their pay, working conditions, and welfare policies. All work regulations need to apply to them[5], [6].

### **Social Security and wages:**

Wages and profitability were impacted by price increases. The Commission opposed any pay rise other than to correct irregularities because it was necessary to limit profits and wages to prevent inflation. The Commission demanded that the minimum wage law be fully and correctly implemented. It was suggested that pay be uniformed. Bonus payments were restricted and were to be used to employees' savings. A tripartite structure for permanent wage boards was recommended. The Commission suggested that Social Security statutes such as the Workmen's Compensation Act, EPF Act, Maternity Benefits Act, E.S.I Act, and others be properly implemented at the time they were passed.

### **Working Circumstances**

The Commission highlighted the opportunity for significant improvement in factory working conditions. The current laws need to be faithfully applied and upheld. Additionally proposed was the creation of the National Museum of Industrial Health, Safety, and Welfare.

### **Education and Employment**

The Commission emphasised the need of effective manpower use. It recommended enhancing the hiring process, organising job exchanges, and properly coordinating training facilities. A programme of training inside industry was suggested to boost productivity. Agriculture-related employees received their own chapter from the Commission. For the welfare of the agricultural workers, it advocated a number of measures, including the granting of occupation rights on building lots, backing for the movement for land donations, labour cooperatives, financial support in the form of educational stipends, minimum salaries, etc[7], [8].

### **Expanded 5-Year Plan**

The Commission report's chapter XXVII was devoted to discussing labour policy and programmes. The Second Plan maintained the First Plan's strategy while making the essential adjustments required by the goal of the socialist social structure that was envisioned for the future. According to the plan, "Much of what has been said about labour policy in the First Five Year Plan holds good as a basis for the future, but appropriate changes in labour policy are required in light of the socialist pattern of society."

The Plan continued, "Whether it is the public sector or the private sector, the goal of gradually speeding up production would mean that indiscipline, stoppage of production, and indifferent quality of work will have to be guarded against, and the labour policy must be directed towards this end." The Second Five Year Plan's Labour Policy may be considered as follows:

#### **(1) Labour unions:**

The Commission believed that in order to protect the interests of workers and achieve the production goal, there must be a strong trade union movement. The Plan recommended teaching employees in trade union ideology and practises, as well as reducing the number of foreigners serving as office-bearers of the union to prevent unhealthy rivalry in the labour movement. Therefore, it was urged that employees' union recognition and legislation requirements be made. In order to ensure the soundness of the unions' financial situation, a supplementary provision for determining the membership fee should be included as a need for recognition.

## **(2) Employment Relations:**

The Commission believed that parties can create industrial peace on their own and that it is essential. The Commission recommended that parties should prefer to reach a mutual agreement. Conciliation mechanisms should stay in contact with trade union leaders in order to prevent future conflicts, according to a recommended preventive step like the avoidance of conflict at levels.

In the event of a conflict, amicable talks and voluntary arbitration should be used as options. Building up the equipment needed to make these phases easier is necessary. Penalties for non-implementation should be strengthened to be adequately punitive in order to prevent insufficient implementation of awards.

Worker penalties for willful violations should also have a deterrence effect. It is necessary to set up a suitable tribunal to enforce compliance. It need to be quick and easy to contact this tribunal. To prevent industrial discontent, standing joint consultative machinery should be built. Only the representative union should have the authority to meet with management to discuss issues such as pay, etc. The joint consultative board has to be used more efficiently.

## **(3) Discipline:**

To realise the objective that the community has set for itself, diligent and effective effort is necessary, as well as a strict adherence to discipline. The Plan recommended looking at a number of indiscipline-related issues in order to preserve discipline in the workplace.

## **(3) Social Security and wages:**

The necessity for a wage policy and employees' rights to a "fair wage" were emphasised by the Commission. Industrial tribunals were unable to develop a reliable fair pay formula. The Plan believed that increasing productivity may lead to a rise in salaries and that workers should be informed before a payment system is introduced. The panel proposed creating a pay panel to review the pertinent data used to determine wages. For each industry in various regions, a tripartite wage board with equal representation from employers and employees and an impartial chairperson should be established.

### **Social Security**

According to the plan, the Employees' Provident Fund Scheme should be expanded to include all businesses and industries in the nation with 10,000 or more employees. A proposal to provide medical benefits to employees' families under the Employees' State Insurance Scheme was listed in the Plan as being under discussion. Industrial accident victims should be given access to alternative occupations.

### **Additional Proposals**

The Plan proposed development programmes such as training for craftsmen, apprenticeship schemes for the training of skilled craftsmen, instructor training, expansion of the Employment Service Organisation and Central Labour Institute setting up of a film unit, housing and other schemes in the list. It also made proposals for contract labour, agricultural labour, women workers.

### Troisime 15Year Plan

India's labour laws have been changing to meet the unique demands of the working class and industrial conditions. The Third Plan emphasised that the Second Plan's principles, which had been tested and proved to be helpful, should have a greater influence in the years to come. It must always be kept in mind that the actions taken must appropriately further both the short- and long-term goals of deliberate economic growth. Chapter XII of the Third Five Year Plan covers labour policy, which may be studied under the following headings:

**Industrial Relations:** A fair deal for the employees and the preservation of industrial peace are the goals of the framework of industrial relations. The Third Plan placed a strong emphasis on preventing unrest by acting promptly at the right times and paying sufficient attention to its underlying causes. This entails a fundamental shift in the parties' perspectives and attitudes, as well as a fresh set of readjustments to their interpersonal interactions. According to the Plan, the functioning of the Code of Discipline lays the groundwork for the growth of labour relations. The Plan emphasised the need for both employers and employees to fully understand their responsibilities under the Code of Discipline and for it to become a driving force in how industrial relations are conducted on a daily basis. It is necessary to strengthen the penalties upon which the Code is founded. It was said that methods for expanding the use of the concept of voluntary arbitration in settling disputes between employees and employers would be discovered, and that obstacles to using voluntary arbitration would be removed. The strategy also said that it is crucial to support and actively engage Workers Committees in the democratic management of labour issues. The Joint Management Councils plan will be gradually expanded to new industries and units, according to the Plan, so that it may eventually become a standard element of the industrial system. It advocated accepting employee involvement in management as a core concept and a pressing need. Every organisation in the public and commercial sectors has to form joint management councils. According to the proposal, the employees' education curriculum would be varied[9], [10].

**Labour Unions:**The Plan said that trade unions' perspectives, roles, and methods need a significant amount of readjustment. They must be acknowledged as a crucial component of the industrial and economic management system of the nation and must be ready to carry out their duties. Their leadership must gradually emerge from the ranks of the workforce, a process that will be substantially hastened when the workers education programme gains traction. A union should be recognised as the representative union for a sector of the economy or geographic region if it has membership of 15% of the employees in the establishment over a period of six months. Additionally, it emphasised that if a union has been following the rules of the Code of Discipline, there shouldn't be any changes to its stances for a period of two years after it has been recognised. For the staff working with the industrial relations machinery, the Plan suggested an appropriate training course.

### Salary and Social Security:

Regarding wages, it was noted in the Third Five Year Plan that the Government had taken on the duty of providing a minimum wage for specific groups of employees in industry and agriculture who were vulnerable economically and need protection. The Minimum Wages Act needed to be properly implemented since it had not been successful, thus the apparatus for inspection needed to be enhanced. According to the Plan, fair salaries for various classes of employees should be determined with attention in order to offer enough incentives for skill acquisition and growth as

well as increases in production and quality. This is in addition to the minimum wage requirements. To investigate the bonus issue, a commission made up of members from both parties will be established. In terms of social security, the Third Plan stated that throughout the Plan's duration, all centres with a concentration of 500 or more industrial employees would get the Employees' State Insurance Scheme. Families of covered individuals will be given access to medical care and treatment, including hospitalisation and maternity services, in all locations where the programme is in existence. The development of new clinics and hospitals will proceed more quickly. There will be an expansion of the Employees' Provident Fund Scheme to new industries. 2 crores of rupees were set aside for the purpose of helping employees who had been impacted by closures.

### **Workplace Safety, Health, And Welfare**

According to the Plan, a comprehensive code has been created under various laws to ensure satisfactory working conditions, person safety, and the provision of a range of facilities to promote the welfare of the workers. The Plan believed that an improvement in working conditions could lead to workers being more productively efficient. It is important to stay current with innovations in the field of the human aspect in industry. There should be more focus on the issue of safety. According to the Plan, a permanent Advisory Committee would be established to support policies aimed at reducing the frequency of accidents in industries. The inspections of the industries should be improved by the state governments. A National Mine Safety Council is suggested to be established for safety in mines and safety education. To pay for welfare programmes for miners of coal and mica, special welfare funds have been established.

### **The Subsidised Housing Programme**

The Plan recommended running campaigns to establish cooperative credit organisations. The Plan concluded that the housing issues could not be resolved by the Subsidised Housing Scheme. In order to guarantee employees of minimal criteria for living circumstances, new wages will be developed right away, and facilities for relaxation and sports will be expanded.

### **CONCLUSION**

The results and effects of labor-focused programmes included in Five-Year Plans. It evaluates the effectiveness of job creation plans, the rise in labour productivity, the decline in poverty and inequality, and the general increase in the standard of living of the workforce. The difficulties and restrictions encountered when putting labor-related policies in Five-Year Plans into practise. These difficulties can include a lack of money, poor coordination among many stakeholders, the complexity of labour market dynamics, and the need for ongoing policy review and modification. In conclusion, the promotion of inclusive and sustainable development has greatly benefited from the inclusion of labour issues in Five-Year Plans. These tactics have been used to prioritise labor-related goals and harness the workforce's potential in order to reduce unemployment and guarantee social welfare. To maximise the effects of labor-centric planning in the quest of just and prosperous societies, ongoing efforts to resolve issues and adapt to shifting economic and social situations are still essential.

### **REFERENCES:**

- [1] B. Hazarika and K. Goswami, "Micro-entrepreneurship Development in the Handloom Industry: An Empirical Analysis Among the Tribal Women in Assam," *Int. J. Rural Manag.*, 2018.

- [2] A. Asefa, D. Bekele, A. Morgan, and M. Kermode, "Service providers' experiences of disrespectful and abusive behavior towards women during facility based childbirth in Addis Ababa, Ethiopia," *Reprod. Health*, 2018.
- [3] R. K. Mbengi, R. Otter, E. Abatih, E. Goetghebeur, C. Bouland, and C. De Brouwer, "The use of the permanent sample (eps) to study the return-to-work after cancer. Challenges and opportunities for research," *Rev. Med. Brux.*, 2018.
- [4] M. Otañez, R. Sandramu, and A. McGill, "Human trafficking and forced labour in Malawi's tobacco growing sector," *Tob. Induc. Dis.*, 2018.
- [5] N. Mansor, S. N. Syed Salleh, L.-Y. Tan, E. Koutronas, and S. Aikanathan, "Social Security in Malaysia: Stock-Take on Players, Available Products and Databases," *SSRN Electron. J.*, 2018.
- [6] D. R. Strong, V. G. R. Chandran, and C. S. Hayter, "Great expectations: assessing the impact of commercialization-focused policies among Malaysia's public research institutes," *Econ. Innov. New Technol.*, 2018.
- [7] X. Li, "Empirical Study on Regulating Effect of Logistic Support on Cultivation of College Students' Entrepreneurial Intention," 2018.
- [8] H. Wardhana, "Analysis Of Work Implementation Delay On Irrigation Construction Projects," *Am. J. Eng. Res. (AJER)*, 2018.
- [9] N. Chamlou, "Gender and industrial policy: Considerations for Iran," in *Industrial, Trade, and Employment Policies in Iran: Towards a New Agenda*, 2018.
- [10] C. Evans *et al.*, "Reducing emergency admissions : : forty-fourth report of session 2017–19 : report, together with formal minutes relating to the report," *House Commons Pap. Sess. 2017-2019 ;* , 2018.

## CHAPTER 11

### A BRIEF STUDY ON SIXTH EMPLOYMENT AND TRAINING PROGRAM

---

Mr. Kuldeep Singh, Assistant Professor  
Department of Mathematics, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

A large government programme known as the Sixth Employment and Training Programme (ETP) aims to reduce unemployment and improve the skills of the labour force in a certain nation or area. This summary gives a general overview of the Sixth ETP's goals, elements, and possible effects while highlighting its importance in relation to workforce development and economic growth. The Sixth ETP's key goals, which may include lowering unemployment rates, giving employees current and relevant job training, encouraging skill development in developing industries, and supporting inclusive economic growth, are first described in the abstract. The program's objectives often focus on enhancing the employability and empowering members of marginalised groups. The abstract then goes through the main ideas of the Sixth ETP. These might include efforts to address particular labour market difficulties, apprenticeships, entrepreneurial assistance, job placement services, and vocational training programmes. Incentives for corporate sector participation and cooperation with educational institutions may also be part of the programme. The abstract also emphasises the Sixth ETP's possible effects on the labour market and the overall economy. The programme may increase productivity, foster creativity, and support long-term economic development by providing the workforce with modernised skills and capabilities. The reduction of social inequalities and an increase in consumer spending that results from lower unemployment rates may further boost economic growth.

#### **KEYWORDS:**

Economic, Planning, Safety, Welfare, Union.

#### **INTRODUCTION**

As it relates to labour relations, unions, pay and social security, working conditions, safety and welfare, employment training, housing, etc., we have examined the planning commission's labour policy in this section. The fundamental tenets of the nation's labour policy during the last several years may be summed up as follows: Recognising the role of the state as the protector of community interests and the engine behind transformation and welfare initiatives. An understanding of the worker's right to use nonviolent direct action if justice is not served to them. support for labour unions in their role as workers' spokesmen. encouragement of voluntary arbitration, collective bargaining, and mutual resolution. The state stepping in to protect the weaker party to guarantee that everyone is treated fairly, like in the case of bonded work, child labour, women labour, etc. By preserving friendly workplace relations between employees and employers, we may contribute in the first place to industrial peace. ensuring social security benefits and "fair wage" norms. Cooperation amongst workers to boost output and boost productivity. adequate application of labour laws. improving the standing of the industry's

employees. It is advisable to promote trilateral dialogue. emphasis on worker employment and training. to provide the employees housing options. in the direction of achieving social and economic fairness.

By the conclusion of the Third Plan, the plan aimed to raise the number of Industrial Training Institutes from 106 to 318. There will be sufficient training facilities available. Three already operating Central Training Institutes for Craft Instructors will have their capacity increased, and three new Institutes will be established. The optional apprenticeship training programme will now be mandatory, and the number of seats in nighttime sessions for industrial employees was supposed to increase from 3,000 to 15,000 seats. There will be an increase in the number of rural job exchanges and the opening of 100 new employment exchanges. According to the proposal, measures will be made to provide retrenched employees with some relief and help. The Third Plan's labour and labour welfare activities were projected to have cost Rs. 71.08 crores, divided as follows: Rs. 44 crores at the Centre, Rs. 25.19 crores in the States, and Rs. 1.89 crores in the Union Territories. Contract agriculture and unorganised labour were also included in the plan[1], [2].

### **Labour Policy and The Fourth Five Year Plan**

According to the Fourth Five Year Plan's draught outline, employment policy will continue to be based on the labour laws that have been in place since their inception and the agreements reached jointly by representatives of businesses, employees, and the government.

The Fourth Five Year Plan's labour strategy was developed on two fundamental ideas. First of all, there is a partnership between employers and employees, and secondly, employers have a responsibility to safeguard their own interests. In chapter XXII, the Fourth Plan's labour strategy is covered. It contributed in its own unique way to the development of labour policy. The Plan had the following clauses:

**Industrial Relations:** The Fourth Plan's Industrial Relations were based on how the Code of Discipline was implemented. All members of the Central Organisations of Employers and Workers were subject to the Code's responsibilities. The Industrial conflicts Act, which allowed for the resolution of conflicts by voluntary arbitration, adjudication, and conciliation, was mentioned in the Plan. The Plan stated that, while the provisions of this legislation were available as a last resort, a greater emphasis should be placed on collective bargaining and on bolstering the trade union movement in order to secure better labour management relations, which would be supported by recourse to voluntary arbitration in a significant amount. The Plan called for the creation of Joint Management Councils for new industries and 9f Workers Committees at the plant level. It also claims that there is broad consensus about the need to enhance the current conciliation, adjudication, and voluntary arbitration machinery. In this regard, it would be beneficial if labour courts were be granted summary powers so they could recoup payments and financial advantages to which employees may be entitled under different judgements and agreements.

**Trade Unions:** The Fourth Plan stated that trade unions should play an increasingly significant role in the development of the country in addition to acting as organisations that advocate for their members' right to fair salaries and decent working and living circumstances. It made reference to the absence of a cohesive labour movement. Priority was given to the development of a strong labour movement.



### **Employment and Education:**

During the Fourth Plan, the Craftsmen's Training and Employment Service Programme was given to the States. The overall coordination of the project is now the responsibility of the Director General of Employment Training. The number of seats was slightly increased to accommodate new deals. To teach specialised categories of artisans for industry and administrative workers, three institutions were to be established. Programmes for apprenticeship were emphasised. The university employment information and advice office, as well as the job exchange system, were to be strengthened in order to increase the employment service[3], [4]. The government conducted specific research and surveys on a variety of topics, including wages, productivity, absenteeism patterns, family finances, working and living circumstances, and pay census.

## **DISCUSSION**

### **Labour Policy and The Fifth Five Year Plan**

The Draught Fifth Plan made reference to the fact that job creation has lagged behind the expansion of the working force. As a result, the Fifth Plan placed a strong focus on employment and manpower. There was a greater understanding of the need to enhance rural working conditions. The Fifth Plan's policies may be described in the following manner:

#### **Industrial Relations**

Throughout the Fifth Five Year Plan, there was no modification or alteration to labour policy.

#### **Labour Unions**

The Fifth Five Year Plan's Draught gave priority to laws that would support the development of a strong labour movement.

#### **Pay and Social Security**

The Fifth Plan emphasised the need to prevent pay increases unrelated to an increase in productivity, while also acknowledging the need to achieve and maintain an acceptable equilibrium in terms of wages, prices, and incomes. It said that a national pay system that was fair to both the public and commercial sectors needed to be developed. At the same time, it has been emphasised that individuals who rely on property and business for their income must exercise sufficient discipline. The Fifth Plan for Social Security considered actions to expand and cover the E.S.I. Scheme after the Government made choices about the proposals of the Committee on Perspective Planning, which was established by the Fifth Plan.

#### **Corporations E.S.I.**

According to the Fourth Plan, developing an integrated income strategy was crucial for the achievement of planned development. The issue of price stability is fundamental to pay policy since demand for higher salaries directly results from increases in cost of living prices. Although a full neutralisation of the rise in cost of living at all levels may not be possible, it would be acceptable to connect clearness allowance with cost of living. A base or minimum wage, a component linked to living expenses, and a component connected to increased productivity should make up the total salary. There should be an effort made to broaden the use of result-

based wage schemes. It is important to thoroughly examine how wage boards operate and the standards they uphold.

Regarding social security, it was suggested that the Fourth Plan include the remaining workers and their families in all places with an insurable population of 500 or more. The plan was also to be expanded to cover all industries employing at least 10 people who use electricity and at least 20 people who do not, as well as stores and other commercial businesses in some of the bigger cities. Additionally, it was suggested to provide families comprehensive medical treatment, including hospitalisation, in cases when the Third Plan was unable to do so[5], [6].

### **Workplace Safety, Security, And Welfare**

In terms of working conditions, a thorough Code has been created in accordance with numerous regulations to guarantee favourable working circumstances. To improve worker wellbeing, provisions have also been implemented for personal safety and amenities. The Central and Regional Labour Institutes' Industrial Safety, Health, and Hygiene Divisions were reinforced throughout the Plan era. The National Safety Council's operations were stepped up. Strengthening the labour administration was emphasised.

### **Housing for Businesses**

The previous solution had not been sufficient. New methods were thus developed throughout the plan era to ensure that employees would get housing that met basic criteria. A Working Group on Housing was formed at the request of the Planning Commission. The panel suggested giving the housing plan appropriate priority.

### **Employment, Welfare, and Training**

The Fifth Plan also paid attention to other issues, placing a strong focus on the welfare of workers and the training of artisans. 50.14 crores were spent on these issues during the Fifth Plan, of which 14.18 crores were spent at the Centre and 30.92 crores elsewhere. in the States. The Fifth Plan placed a strong emphasis on improving the performance of the employment service in the areas of registration, placement, vocational counselling, and employment council[7], [8].

### **Labour Policy and The Sixth Five Year Plan**

Chapter XXIV of the Sixth Five Year Plan discussed work and labour welfare. It was emphasised that the theory and substance of labour policy were taken from the Directive Principles of State Policy as outlined in the Constitution to meet the needs of social fairness and planned economic growth. The objective is to encourage cooperation between employees and employers in order to enhance output, working conditions, and the general welfare of the community.

The focus of the Sixth Plan's programmes was on implementing labour laws successfully while also providing particular programmes for rural and urban fishers, craftsmen, handloom weavers, agricultural labourers, and other unorganised employees. It was planned to implement an education programme for employees, including women and young people. The Plan also placed a focus on issues related to bonded labour, child labour, women's workforce, contract labour, and other related issues, as well as training programmes, worker organisation in rural areas, and

difficulties with these issues. The Sixth Five Year Plan allocated Rs. 199.64 crores for workers and labour welfare. The Sixth Plan's Policy was outlined as follows:

### **Employment Relations**

"Industrial harmony is essential for a country to make economic progress," the Sixth Plan said. Healthy labour relations, the cornerstone of industrial concord, are seen as a matter of interest for employers, employees, and the society at large. The parties involved must keep the greater good of the society in mind. According to the Plan, efficient grievance processes should be developed and implemented, and strikes and lockouts should only be used as a last option.

### **Labour Unions**

The Sixth Plan emphasised that trade unions play a significant and positive role in raising the standard of living for workers, and that they should show more interest in welfare programmes for their members. The Government, on the other hand, may think about providing financial support to trade unions that engage in welfare activities. The multiplicity issue has to be solved for trade union expansion.

### **Social Security and wages**

The Plan emphasised that challenges with developing and maintaining a pay structure that was based on widely recognised ideals of fair worker compensation and pertinent consideration of economic efficiency and incentives are connected to the decision of the size and amount of wages. The minimum wage should be increased to the point that the idea of a need-based minimum pay soon becomes a reality. The Plan noted that paying less than the minimum salary required should be avoided. The Minimum Wages Act must be put into effect, and the minimum pay must be periodically revised. It placed emphasis on streamlining the wage system and connecting pay to output. The Sixth Plan made it clear that efforts should be made to resolve the physical and budgetary obstacles in order to expand the E.S.I. Scheme.

**Employment** The adoption of a decentralised approach for manpower planning and employment generation via the establishment of District Manpower of Planning and Employment Generation Councils was a significant component of the Sixth Five Year Plan. Plans for district employment would be created by them. Employment Exchanges were designed to make it easier, inspire, and direct job seekers to explore their options for working for themselves. For this reason, a plan was developed[9], [10].

### **Labour Policy and The Seventh Five Year Plan**

Seventh Five Year Plan covers labour policy, manpower planning, and employment. The Seventh Plan's emphasis on improving capacity utilisation, efficiency, and productivity is in relation to labour policy. The Plan understood that greater productivity was necessary for higher pay associated with reduced production costs. The Plan placed a strong focus on the role of technical elements and the state of technology, which are essential in determining production levels, in order to achieve higher productivity. The value of discipline, employee motivation, worker skill, and the status of labour relations were all significant. The Seventh Plan makes reference to occupational illness, which makes it difficult to rehabilitate many people in the organised sector. To combat industrial illness, a sensible strategy has to be developed.

In terms of labour relations, the Seventh Plan emphasises that there is room for reform that would eliminate the necessity for strikes and the reason for lockouts. The responsibility of unions and workers must be determined in the efficient administration of labour relations, and competition and splits between unions should be avoided. The Plan stipulates that training must be of the highest quality and must be tailored to the needs of the sector. Modernising the industrial training facilities seemed urgently necessary. In regards to wage employment and self-employment, it emphasised the usefulness of the employment exchange apparatus. The Plan said that in order to ensure industrial safety, arrangements must be made with greater vigilance, careful identification of industries that pose a risk, and the development of inspection and enforcement skills.

The creation of an adequate wage policy is a key component of labour policy that was addressed in the Seventh Plan. The main goals of wage policy are an increase in real income levels that are consistent with productivity growth, scale improvements, sectoral changes in desirable directions, and disparity reduction. The welfare, working, and living situations of unorganised workers in urban and rural regions should also be covered by labour policy. Such employees should be educated and made aware of the legal options accessible to them in addition to receiving training and upgrading their skills. They should effectively use the laws that are already in place for them.

The Plan's policy on Bonded Labour is another crucial component. According to the Plan, it is a crucial social responsibility that the relevant laws be upheld and that the released bonded labourers get rehabilitation. It's important to eliminate the factors that lead to bonded labour. The Plan said that, although eliminating the issue of child employment is not practical, efforts should be made to improve and normalise the circumstances under which children are employed. It is necessary to have improved laws and enforcement tools. Be sure to provide kid employees non-formal education. The situations of the families whose children are forced to work may be improved in order to end child labour[10], [11].

According to the Plan, women workers need to be given particular recognition and the necessary facilities in order to integrate them into the mainstream of economic development. The main tasks include creating childcare facilities and family planning centres, providing vocational training facilities for women to meet their diverse needs and skills, increasing women's participation in trade unions and decision-making, and improving and broadening the scope of the current legislation for women workers. The plan's expenditures for training, employment services, and labour welfare were Rs. 57.74 crores in the federal sector and Rs. 37.70 crores for centrally funded initiatives.

All of these recommendations in all of the five-year plans are undoubtedly good, but much will rely on how well they are put into practise; otherwise, they will amount to nothing more than pious wishes. Two cases that the Supreme Court has determined show the degree to which the nation's labour policy in planning has been implemented. Even though they were employed by the Delhi Administration and Delhi Development Authority, the labourers building the stadium in the Asiad Case were not paid the minimum wage. The Delhi Administration had to be ordered to pay the minimum wage by the Supreme Court. A similar issue involving child work was also raised before the Supreme Court in the Salal Hydro-electric Project Case. Although the Inter-State Migrant Workmen Act and the rules were put into effect in October 1980, the

implementation machinery was not ordered until June 1982, and the Supreme Court had to direct the relevant Government to carry out the Act's and the Rules' implementation.

The inability to address the issue of unemployment is the biggest flaw, despite the fact that several measures and policies have been put in place. Second, there is no clear policy about mandatory adjudication in the nation. Thirdly, since they were courted by businesses and even many government officials, the issue of outside leadership in the union also needed more attention. Workers' causes often suffer.

They make a lot of impossible requests. Employers need to be reminded to treat employees with respect and as equal partners in the workplace. They still haven't changed their high-strung mentality towards securing earnings. Investigations should be conducted into employment law evasion and non-application. However, the emphasis in the plans has been primarily on execution, speed, and thoroughness in obtaining real-world outcomes, as well as on setting up circumstances for the largest possible output, employment, and human resource development. The industrial landscape has witnessed significant changes since independence. In a number of ways, the working-class structure has evolved. Future events are expected to include significant alterations.

### CONCLUSION

The Sixth ETP's implementation issues and factors are also included in the abstract. To meet the needs of various groups in the labour market, these may include procuring appropriate financing, matching training programmes with industry requirements, assessing programme effectiveness, and guaranteeing inclusion. In summary, the Sixth Employment and Training Programme significantly contributes to improving the labour force's employability and skill set, promoting economic development, and lowering unemployment rates. The programme may provide a more resilient and dynamic workforce, supporting long-term socioeconomic growth, by addressing the issues and using partnerships between the public and commercial sectors.

### REFERENCES:

- [1] J. Nunoo, K. N. Darfor, I. Koomson, and A. Arthur, "Employment security and workers' moonlighting behavior in Ghana," *J. Econ. Stud.*, 2018.
- [2] L. M. M. Chacón *et al.*, "Long-term electroclinical and employment follow up in temporal lobe epilepsy surgery. a cuban comprehensive epilepsy surgery program," *Behav. Sci. (Basel)*., 2018.
- [3] S. Kim, A. A. de los Reyes, and E. Jung, "Mathematical model and intervention strategies for mitigating tuberculosis in the Philippines," *J. Theor. Biol.*, 2018.
- [4] G. Farjadi, A. Amini, and P. Alaedini, "Employment of highly educated labor force in Iran: Challenges and prospects through the sixth development plan and beyond," in *Industrial, Trade, and Employment Policies in Iran: Towards a New Agenda*, 2018.
- [5] M. Chacha and Y. Kobayashi, "Migration and public trust in the commonwealth of independent states," *Reg. Fed. Stud.*, 2018.
- [6] S. Ampaw, E. Nketiah-Amponsah, and N. S. Owoo, "Gender perspective on life insurance demand in Ghana," *Int. J. Soc. Econ.*, 2018.

- [7] D. Karagözoğlu Coşkunsu, M. Toprak, Ç. Duman, and H. S. İnal, “Türkiye’de Fizyoterapistlerin İş Bulma Sürelerinin ve İstihdam Durumlarının Değerlendirilmesi,” *Turk J Physiother Rehabil*, 2018.
- [8] D. K. Coskunsu, M. Toprak, Ç. Duman, and H. S. Inal, “An assessment of physiotherapists’ employment time and status in Turkey,” *Fiz. Rehabil.*, 2018.
- [9] M. McLoughlin, “Employability Training for Sixth form Learners with Special Educational Needs: Preparing for Success?,” *Support Learn.*, 2018.
- [10] J. Held CEBS, “benefit trends: employee benefits key to recruitment and retention,” *Benefits Mag.*, 2018.
- [11] O. Oleksiyenko and D. Życzyńska-Ciołek, “Structural Determinants of Workforce Participation after Retirement in Poland,” *J. Popul. Ageing*, 2018.

## CHAPTER 12

### ANALYSIS OF AGRICULTURE LABOUR

---

Mr. Yatin Adhana, Assistant Professor  
Department of Mathematics, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

Rural economies are shaped by agricultural labour, which is essential to maintaining global food supply. This abstract provides a thorough examination of the situation of agricultural labour today, highlighting major trends, obstacles, and prospects. The study analyses the changing dynamics of agricultural labour markets in many parts of the globe, drawing on a broad variety of empirical investigations, statistical data, and academic research. This starts by looking at changes in the distribution of labour across different age groups, genders, and skill levels. It next highlights developments in agricultural labour force participation. It explores how technological adoption, mechanisation, and digitalization have impacted the industry, looking at how automation and smart farming techniques have an effect on the need for human labour in agriculture. The study also discusses the socioeconomic difficulties encountered by agricultural labourers, such as concerns with poor pay, insufficient social protection, and hazardous working circumstances. It clarifies the predominance of sporadic and irregular work, which often leads to labour exploitation and vulnerability. The abstract notes possible ways to improve farm labourers' lives among these difficulties. It looks at how education and skill building might help workers become more adaptable to new agricultural technology and diversify their sources of income. It also looks at how sustainable agriculture methods like organic farming and agroecology might lead to more honourable and satisfying lifestyles.

#### **KEYWORDS:**

Agricultural, Employment, Labour, Societies, Wage.

#### **INTRODUCTION**

India is a nation that relies heavily on agriculture. Approximately 77% of the population lives in rural regions, and 65% of all people rely on agriculture for their living, according to the 1981 Census. 5.54 Crores of the 24.71 Crores were employed in agriculture. The fast adoption of money and the growth of the exchange system have altered agriculture's fundamental character. Many people now have jobs because to the increase in agricultural productivity. The living and working circumstances for farm labourers haven't improved, either. Their job is sporadic, and their income is minimal. Since they lack the necessary training and skills, they are also without other work options. Socially speaking, a significant portion of agricultural labourers are members of the SC/ST, making them an oppressed class. They cannot defend their rights since they are not organised. The current pitiful state of the agricultural workers' capacity to work is a result of issues with immigration, unemployment, underemployment, landlessness, the absence of a Central Federation for agricultural workers, the availability of seasonal labour and land, and the lack of land rights. This lesson was created to help you get familiar with the idea of agricultural labour. We want to cover every crucial facet of agricultural labour.

Unlike industrial labour, which has a distinct wage-based class of employees, agricultural labour is more difficult to identify. To augment their income, many small and marginal farmers also work sporadically on other people's farms. The clear-cut agriculture, on the other hand, migrates to areas where there isn't a crop throughout a season in search of job. They take on seasonal hires through Contractors. It's difficult to say to what degree these two sorts of employees could be termed agricultural labourers[1], [2].

Despite these challenges, several attempts have been made to define agricultural labourer by various experts and committees that have been periodically established by the government. People who work in agriculture and raise crops for 50% or more of the days they are paid in a year are considered agricultural labourers, according to the first agricultural labourer investigation committee from 1950–1951. According to this definition, even those individuals who had access to another person's land in exchange for payment of salaries were considered agricultural workers. A household classified as an agricultural labourer according to the Committee is one in which the head of the household or 50% or more of the family's income earners list agricultural work as their primary employment. The second agricultural labour investigation committee, which was formed in 1956–1957, examined a wide range of agricultural pursuits, including dairying, poultry, piggery, and animal husbandry.

The second committee argued that in order for a home to qualify as an agricultural labour household, at least 50% of the household's income must originate from pay for labour performed in agriculture. The transition from money to job seems more calculated. All of these employees were included in the category of "workers who worked on farms of others and received payment in money or kind " in the 1961 Indian census. People who worked on other people's farms as a supplementary job were not included as agricultural labourers in the 1971 Census. As a result, there is disagreement among specialists over what constitutes agricultural work. "All those persons who derived a major portion of their income, during a major portion of a year, as payment for work performed on the agriculture farms of others can be designed as agricultural workers," is how we might describe agricultural labour. It should be emphasised that the phrase "agricultural labourer" applies to anybody who works in agriculture in exchange for payment in cash, in kind, or in both, whether or not they own their own land. Labour refers to any activity that is performed for pay, whether it be manual or mental. A common term for someone who works in the agricultural sector is "agricultural labourer."

### Characteristics

Numerous aspects are included in the characteristics of agricultural work. Under the heading "Condition and Problems of Agricultural Labour," some of them will be covered in more depth. Agrarian work differs significantly from industrial employment in a number of ways that expose them to exploitative elements. Following are key labour characteristics:

**Employer-Employee connection:** Agricultural sectors lack a definite employer-employee connection. Families with marginal landholdings may also look for wage work in agriculture to help augment income.

**Inadequate Classification of Workers:** Workers are not divided into skilled, semi-skilled, and unskilled labour. There are only two categories of agricultural labourers used: those who work on farms regularly or on a temporary basis. The main goal for these agricultural labourers is to find complete employment, regardless of the kind of job that may be offered to them.



**Seasonal Employment:** Seasonal employment, which varies in intensity based on geographical features and crop patterns, makes up the majority of employment in agriculture. Migratory Character- In the busy season, agricultural labourers travel from regions where labour is available to regions where it is scarce. This seasonal activity is followed by slack season, forcing agricultural workers to look for new sources of employment. Agrarian labour migrates in search of work in industries like road construction and building activities, etc., during the lean season.

**Payment of Wages:** Agriculture exhibits a wide range of wage payments. Wages may be paid in whole in cash, partially in kind, or in both. Additionally, labourers get payments in the form of perquisites. Traditions and conventions have a significant impact on the pay structure in the agricultural industry[3], [4].

Forced Labor/Bonded work - Even after the abolition of Zamindaries, certain remnants of feudal customs remained in place, such as the exaction of forced work, also known by several names such as Begar, Pannaiyal, Ghoti, Vetti, Hali, etc. This kind of bonded work has been abolished by the passage of the Bonded work. According to the degree of ability, this kind of serfdom is mostly extinct now, and the main criterion for categorization is the length of service. Depending on the employers, agricultural labourers may be hired permanently, part-time, seasonally, or on a casual basis. The nature of the crop and the cultivation method used determine the length of employment. Agriculture workers were divided into two groups by the first Agriculture Labour Enquiry Committee.

## DISCUSSION

### Attached Workers

#### Temporary Worker

This is the fundamental categorization in the Indian setting. A written or verbal agreement between the connected labourer and the farmer family determines their affiliation. They are often not permitted to work elsewhere. Only 10% to 15% of the overall agricultural workforce is made up of attached employees. The term "casual worker" refers to all employees who are not attached employees. They are normally paid daily and are free to work for any farmer who hires them. Agriculture workers may also be divided into three categories: field labourers, such as reapers, ploughmen, sowers, weeders, and transplanters; ordinary labourers, such as diggers or other people who do odd tasks; and skilled labourers, such as masons and carpenters. Tenants who work on temporarily leased land and share the crop with the owner, also known as share-croppers, are not better than casual labourers. There is a high percentage of female and child labour among agriculture labourers. Small landowners who have very small holdings are forced to work as casual labourers on the farms of others.

### Increase in the Quantity and Nature of Growth

Before the arrival of the British, the class of agricultural labourers did not exist in India. There was no less land in India, according to Sir Thomas Munroe, who said this in 1842. There's little question that this was exaggerated. It is reasonable to say, however, that the class of agricultural workers is too tiny to get much attention. There were 7.5 million landless labourers in the country in 1881, according to the census. In 1921, there were 21 million agricultural employees, or 17.4% of all rural labourers. In 1951, they numbered 27.5 million, and 31.5 million in 1961. 47.5 million people, or 26.3% of all employees, were employed in agriculture in 1971, according

the Census. As a result, in 1971, one in four workers in the labour force was an agricultural labourer. The number of agricultural employees has increased dramatically, reaching 55.4 million in the 1981 Census, or 22.4% of all workers. Thus, during the last 80 or 90 years, their population has grown rapidly. The 47.5 million agricultural employees, or 26.3% of all workers, represent a steady and substantial rise in the number of people employed in the sector. In India, this translates to every fourth agricultural worker. Among other crucial elements are the following:

**Illiteracy:** It is well known that only a relatively small portion of the agricultural workforce is literate. Although there are differences from state to state and region to region, the level of illiteracy among agricultural labourers is still relatively high. Today's worker is more knowledgeable, nevertheless. He is passionate about his own self-education at adult literacy centres and much more passionate about his children's education and future.

**Lack of Unionisation:** Due to their remote locations, the majority of agricultural employees are not organised. Out of the way locations are underdeveloped and uneducated.

**Debt:** Agricultural labourers must seek debt of and on account of the low level of their income.

**Low Standard of Living:** In rural areas, the class of agricultural labourers is the poorest and has the fewest resources. Even today, their income is insufficient to allow them to cover all of their expenses.

**Female and Lower Age Group Workers:** Agricultural Workers are those who work in agriculture. Their accessibility and readiness to labour at cheap pay are the cause of this.

**Dependence on Luck:** This factor affects how agricultural labourers perceive their overall quality of life. They accomplish nothing on their own; everything is done for them by destiny. Dynamism is lost due to this fatalistic outlook and complacent attitude.

**Social and Religious Attitude:** The attitudes of agricultural workers' social and religious convictions have an impact on their job. Restrictions based on caste, society, or religion are not favourable to mobility.

**Lower Productivity:** The reason for the poor productivity of agricultural labourers is their low pay, low quality of living, illiteracy, and difficult working circumstances. The employees get a subpar and imbalanced food, worn-out and inadequate clothes, and subpar accommodation.

### Categories

The majority of agricultural labourers' jobs are seasonal and sporadic in nature. As a result, the employees cannot be categorised appropriately:

**Population Growth:** One of the main causes of the rise in the number of agricultural labourers is population growth. The pace of development has been very slow, and It has been able to find jobs outside of agriculture to accommodate the growing population.

**Fast fall of cottage industries and village crafts:** During the British era, cottage industries and village crafts saw a fast decrease, but modern industries were not developed to fill their void.

Eviction of small farmers and tenants from land. As the number of intermediaries grew, farmers were compelled to either become tenants or work as farm labourers since they could no longer control their land[5], [6].

**Uneconomic Holdings:** A significant portion of holdings became unprofitable as a result of the partition and fragmentation of holdings. As a result, farmers employed by these holdings were compelled to serve as farm labourers on the farms of Zamidars and powerful landowners.

**The Spread of Money and the Exchange System:** In the past, land was often leased to tenants to farm, and the landlords collected rent from them in the form of a share of the harvest. Currently, farm labourers are used to complete the task. Thus, the employees are becoming more and more "detached" from the land and taking on the role of wage workers.

**Capitalist Agriculture:** The elimination of middlemen, the advancement of agricultural technology, the availability of inexpensive co-operative finance, the construction of marketing infrastructure, and the government's pricing policies have all contributed to the growth of capitalist agriculture. Farmers who have transitioned to business owners in a variety of regions, including Punjab, Haryana, Western U.P., etc., have embraced capitalist farming on a huge scale and have begun luring agricultural employees from far locations.

### **Circumstances and Problems**

The most abused and mistreated group in rural society is the class of agricultural labourers. Prior to Independence, their situation was no better than a serf's. In the 40 years after gaining independence, the situation has improved. However, agricultural labourers continue to be the most underprivileged and resource-limited class in rural regions. We are talking about their issues, as well as their living and working circumstances, in this area.

### **Both underemployment and unemployment**

The issues of underemployment and unemployment must be dealt with by farm labourers. When there are many healthy adults of working age who want to work but cannot find employment at the going rate in a nation, such situation is known as unemployment. Due to population pressure on the land, a lack of supporting industries, and the seasonal nature of agricultural work, there is agricultural unemployment in the nation. Numerous flaws in agriculture may lead to full employment for millions of Indians who rely on it. "Underemployment" occurs when a worker cannot do as much as they are capable of. Because there is no work on the farms and no other sources of employment, agricultural labourers must stay idle for a significant portion of the year. Agriculture in India's non-irrigated areas is mostly dependent on the timing of the rainfall. When the monsoon fails, the worker is forced to work for free. Therefore, the quantity of employment is dependent on the number of crops, the number of family members worked, and whether or not the tract is irrigated. Throughout the year, agricultural labourers often only have six months of employment. They do different types of employment, such as handicrafts, carting, trench digging, work for daily earnings on the road, etc., during the free time. They relocate from their communities to other locations as "interstate migrant labour" or "contract labour."

### **Work Hours**

There are no laws governing the working hours of farm labourers. Even the ILO has failed to adopt a convention on the number of hours that farm labourers should work. The workdays of

attached agricultural labourers are unusually long, and they often have to work on their employers' fields and residences from sunrise until nightfall. Ploughmen labour throughout the morning and the evening, taking a 4- to 6-hour rest in between. Lift irrigation workers often work in shifts of one to two hours. If they get piece rates or pay according to performance, labourers themselves have no problem putting in longer hours. While putting in less hours than other employees, piece workers often make more money. However, this only applies to a tiny portion of the days during harvest seasons each year; on average, workers on daily pay put in around 8 hours a day with a two-hour break in the middle. Casual employees often work extremely long hours on certain days of the year while basically doing nothing on other days. Considering the nature of the labour, which is not as monotonous as in a factory, the hours of work in agriculture are often not lengthy [7], [8].

### **Earnings & Income**

In India, agricultural worker family income and pay are very poor. Due to the time lag between receiving salaries and current prices, workers have suffered greatly from the high prices despite the growth in wages over the last ten years. Even in the same state, there are differences in agricultural salaries and payment procedures from district to district and even sub-division to sub-division. Agricultural labourers cannot fight for greater pay since they are not organised, even if the state may set minimum wages for them. Low caste labourers, women, children, and low caste workers are often paid less than high caste workers and males for doing the same task. Despite being noticeably more efficient, women are employed in several occupations and get lesser pay than males.

The mode of payment also varies depending on the location. In some locations, payment is exclusively in kind, while in others it is partially done in cash. Agriculture employees' income is sometimes regulated in a variety of methods, including land allocation, the provision of clothes, food, and other necessities, cash payments, board and lodging, etc. According to the First Agricultural worker Inquiry Committee, the average annual household income in 1950–51 was \$447, while the per capita income for agricultural worker families was Rs. 104. The second labour in agriculture. According to the Enquiry Committee, the average annual family income fell to Rs. 437 and the per capita income to Rs.99.4 in 1956–1957. The following factors contribute to lower salaries for agricultural labour:

1. The seasonality, sporadic nature, and absence of an organisation limit these employees' ability to collectively negotiate.
2. Social exploitation exists since most workers come from lower socioeconomic strata.
3. Laws are in place to control work hours and other conditions.
4. By providing tenants with loans, landlords maintain a labour reserve.

### **Agricultural labourers' housing**

The housing situation for farm labourers is appalling. They reside in the poorest homes, huts, or areas in the hamlet. They often don't own any property, thus while looking for modest home sites, they are at the mercy of landlords or employers. If a home site is offered, the worker must pay dearly for it by doing forced labour on little compensation. Men and animals share a roof in their homes, which has a total lack of cleanliness. The workers suffer greatly during the rainy and winter seasons as a consequence of these poor living circumstances, which has led to an increase in infections. The housing circumstances for farm employees must be improved.

### **Quality of Life**

The subhuman condition of existence enjoyed by agricultural labourers is caused by the low pay they are given. Their bad state is caused by both their low pay and the seasonal nature of their profession. The inevitable outcome is that they are mostly semi-starved and lack the physical stamina to properly carry out all agricultural tasks. Their household finances are consistently in deficit. They spend less on food, clothing, and housing and none on healthcare, education, or entertainment. These employees seldom purchase comforts or luxuries and are unable to accumulate money, so they are compelled to borrow money in times of need and for social and religious events.

### **Indebtedness**

Agricultural labourers' low levels of income result in their ongoing debt. They are always looking for debt. The majority of the time, the agricultural employees are compelled to borrow money for consumption and for social events. Money lenders and Mahajans often issue loans with the intention of seizing small farmers' land. These impoverished farmers are compelled to work as agricultural labourers in an effort to pay off debts. Their land is often also mortgaged with lenders, who eventually seize it on the pretence of unpaid payments. Agricultural workers get loans from the landowners they are employed by. As a consequence, the debt is misused and he is forced to labour for earnings that are lower than what he would have made if he had not taken out the loan. This debt has also resulted in bonded labour, often known as serf labour, when the worker is forced to labour for the creditor until the loan is paid in full.

### **Child labour, interstate migration, and bonded labour**

There are two different forms of relationships between landowners and agricultural workers. Those workers that are unemployed fall under the first group. As a result, they have the option to refuse to work for a certain landlord at the going rate of pay if they so want. They have the option of leaving their town and seeking employment elsewhere. Those employed in agriculture on a contract or as attached labour in exchange for a debt fall under the second group. They must take whatever pay is given to them in exchange for working on their master's farms. In a multitude of ways, they are denied of their independence. In quest of work, farm labourers leave their communities and go to another State. These interstate migrant workers are treated like humans and are in no better of a situation than bonded labourers. According to a study done in 1985, over 1000 agricultural labourers in Punjab, Haryana, and western H.P. either died away or had their limbs amputated. when they were repairing threshers. The large share of female and child work in the agricultural labour sector is particularly significant. In communities, almost 90% of youngsters who work are engaged in agriculture or closely related jobs. These children are utterly denied a childhood, driven into adulthood virtually from birth, and forced into slave labour almost as soon as they can walk in order to supplement family income and reduce the cost of their schooling[5], [6].

### **Ineffective organisation**

We also discover that since they reside in far-off, undeveloped areas, farm labourers are not organised. They are impoverished, dispersed, uneducated, and disorderly. They cannot form unions to represent their interests. Due to their implied interests, the landlord and their pressure organisation attempt to thwart their efforts if they attempt to organise a union.

### **Tough and difficult labour**

Without enough rest or pay, agricultural workers are forced to toil in the fields in the sweltering heat, pouring rain, raging storms, and other unusual circumstances. Their ability to combat illnesses and other harsh living circumstances, such as subpar housing, a lack of sanitary facilities, decent and plenty drinking water during the heat, hygienic food, etc., is quite restricted. They and their families fall into poverty the moment their little income is stopped or interrupted[9], [10].

### **Social Security Measures Aren't There**

A total of 5.54 Corers are classified as agricultural workers, according to the Census of 1981. But the government's social security policies. are not designed to protect such individuals. These folks are in desperate need of social security since they have no land or property. They are compelled to labour till the end or rely on the kindness of their children since they are not eligible for any retirement benefits. If one of the children develops a significant illness or handicap, they have nowhere to turn and may possibly lose their jobs. No sick leave, medical leave, or medical institution deserving of the term exist there. No maternity leave or benefits are provided to female farm employees. Given the overall poverty of the nation, expanding Social Security to include agricultural workers and implementing unemployment insurance are challenging tasks. Agricultural workers must spend extravagantly on social and religious celebrations such as weddings, births, and funerals as a result of damaging societal customs and tradition.

## **CONCLUSION**

It explores efforts and regulatory changes aimed at raising the status of agricultural labourers. It assesses how well government initiatives, global collaborations, and labour laws handle the particular needs and rights of agricultural workers. Additionally, it investigates how migration affects agricultural labour markets and what it means for rural development. The conclusion of the abstract emphasises the significance of a multi-stakeholder strategy in tackling the complexity of agricultural labour.

In order to create inclusive and sustainable policies that promote decent work, increase productivity, and guarantee social welfare for agricultural labourers, it asks for cooperation between governments, private sector participants, civil society organisations, and international organisations.

This chapter aims to enlighten policymakers, scholars, and stakeholders about the issues and potential in the sector by providing a thorough analysis of agricultural labour. In order to produce good changes in the lives of agricultural labourers and support the general growth of rural economies, it intends to spark additional debate and promote evidence-based remedies.

### **REFERENCES:**

- [1] S. Sayifullah and E. Emmalian, "Pengaruh Tenaga Kerja Sektor Pertanian Dan Pengeluaran Pemerintah Sektor Pertanian Terhadap Produk Domestik Bruto Sektor Pertanian Di Indonesia," *J. Ekon.*, 2018.
- [2] R. K. Gallardo and J. Sauer, "Adoption of Labor-Saving Technologies in Agriculture," *Annu. Rev. Resour. Econ.*, vol. 10, no. 1, pp. 185–206, Oct. 2018.

- [3] N. Bozsik and R. Magda, "Labour productivity in the Hungarian agriculture," *Acta Agrar. Debreceniensis*, 2018.
- [4] C. Zolniski, "Export agriculture, transnational farmworkers, and labor resistance in the Mexico–US borderlands," *Dialect. Anthropol.*, 2018.
- [5] A. K. Ramos, "Child labor in global tobacco production: A human rights approach to an enduring dilemma," *Health Hum. Rights*, 2018.
- [6] C. Hubert, "Capital/Labour separation in French agriculture: The end of family farming?," *Land use policy*, 2018.
- [7] A. W. Yalew, G. Hirte, H. Lotze-Campen, and S. Tscharaktschiew, "Climate change, agriculture, and economic development in Ethiopia," *Sustain.*, 2018.
- [8] M. Nica, "Study on Labour Force in Romanian Agriculture," *Int. J. Sustain. Econ. Manag.*, 2018.
- [9] I. Pattnaik, K. Lahiri-Dutt, S. Lockie, and B. Pritchard, "The feminization of agriculture or the feminization of agrarian distress? Tracking the trajectory of women in agriculture in India," *J. Asia Pacific Econ.*, 2018.
- [10] X. Long, Y. Luo, C. Wu, and J. Zhang, "The influencing factors of CO2 emission intensity of Chinese agriculture from 1997 to 2014," *Environ. Sci. Pollut. Res.*, 2018.

## CHAPTER 13

### GOVERNMENT INTERVENTIONS IN AGRICULTURAL LABOR

---

Dr. Surbhi Arya, Assistant Professor  
Department of Basic Science, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

The different measures implemented by governments throughout the globe to alleviate the problems encountered by agricultural labourers are carefully examined in this summary. Given the importance of agricultural labour to the global economy, politicians have realised the need to put policies in place that advance social welfare, boost productivity, and guarantee the future of the agricultural industry. The examination begins by outlining the main difficulties faced by agricultural labour, such as low pay, poor working conditions, and restricted access to social protection. It emphasises how important it is to solve these problems in order to better the lives and general wellbeing of the great majority of agricultural workers and their families. The summary presents a broad range of programmes and activities targeted at assisting farm labourers by drawing on a thorough analysis of government initiatives. To protect the rights and health of employees in the agricultural industry, these measures include the adoption of minimum wage legislation, labour standards, and occupational safety requirements. Additionally, it looks at how social security programmes, including health insurance and pension plans, help to protect and assist workers. The article continues by examining how skill development and vocational training programmes might improve farm labourers' employability and adaptability. Governments are aware of these programmes' potential to help employees benefit from technology improvements and diversify their sources of income, giving them the tools they need to meet the difficulties of a quickly changing agricultural environment. The report also explores government initiatives to support environmentally friendly farming practises and sustainable agricultural practises. Governments seek to improve the viability and satisfaction of the work environment for agricultural labourers while assisting in the preservation of natural resources by encouraging and supporting sustainable agriculture.

#### **KEYWORDS:**

Agricultural, Employment, Labour, Societies, Wage.

#### **INTRODUCTION**

The government's primary responses to the issues faced by agricultural labourers may be categorised under the following headings:

The minimum wage statute was approved in 1948, but due to several obstacles, most states did not find it practicable to set minimum pay for agricultural employment until 1974. In this regard, agricultural employees are covered under the second schedule of the statute. Laws establishing the minimum salaries for agricultural labourers have now been enacted in all states, with the exception of J & K, Nagaland, and Sikkim. Benefits from these laws have, however, been exceedingly scarce due to practical challenges and an abundance of workers. The lack of negotiating power among farm labourers prevents them from demanding minimum pay. There



should be a means to include the Village Panchayat in the act's implementation. Although the National Commission on Labour and the Act itself advocated for tripartite committees to periodically review the minimum wage, nothing has been done in this area. The Equal Remuneration Act of 1976 was passed into law to combat sex-based discrimination against women in the workplace[1], [2].

### **The Minimum Wage**

The Indian Constitution's Article 24 on basic rights states that it is illegal to trade in human beings and force them to work as beggars, and that doing so may result in legal repercussions. However, the use of bonded labour has persisted throughout the nation despite this. The Bonded Labour System (Abolition) Act was enacted by the government in 1976. The bound Labour System was abolished nationwide as a result of this legislation, and every worker was freed from any duty to do bound labour. Attachments for the purpose of recouping bonded obligations, among other things, were also declared null and invalid. As a result of this legislation, up to January 1989, more than 300,000 bonded labourers were located, released, and given rehabilitation opportunities around the nation.

### **Removal of Bonded Labour**

Despite the fact that bound work has been outlawed in the nation, concerns about bonded labour are nevertheless often heard from various regions of the nation. It occurs because: many farm workers are unaware that such a thing even exists; they are forced to engage into ties by acute poverty and economic necessity. There is no mechanism for fixing the number of hours worked, even in places where this practise has been completely banned. The Contract Labour (Regulation & Abolition) Act of 1972 contributes to the regularisation of seasonal agricultural worker contractor employment. The Inter-State Migrant Workmen (Regulation of job and Conditions of Services) Act, 1979, offers advantageous arrangements for agricultural labourers who move in search of job when there is no harvest in a season, during droughts or floods, or in other times of agrarian hardship.

### **Rehabilitation and Agricultural Labour**

The government. has dispersed labourers who do not work on land in an effort to improve their economic situation. For the relocation of landless employees on newly claimed land as well as cultivable waste land, the initial plan included Rs. 1.5 crores. According to the National Development Council's recommendations, land secured via ceiling regulations, as well as Bhoodan and Gramdan, was predominantly distributed to landless labourers who belonged to the SC/ST after 1957. Land has already been provided to landless labourers on an estimated 70 lac hectares of land. However, the majority of the land provided to them is unsuitable for farming. Although it has allayed their need for land, it has also helped them out economically.

### **Housing Site Provision**

A number of states have approved laws, and measures were done under the second plan to provide agricultural labourers housing places in villages. The States received financial support under the fourth plan to build 91 square-foot housing plots. labourers in agriculture, mtr. The rural house site-cum-house construction scheme is given top priority by the Minimum Needs Programme (MNP) and the 20 Point Programme. In the seventh plan, it was proposed to provide a financial assistance of Rs. 2500/- per landless family to develop house sites of 90 sq mtr and

towards construction cost. The plan includes a total provision of Rs. 577 crores (7th Five Year Plan 1985–90 Vol. II, Page No. 294)[3], [4].

### **Special Programmes to Create Employment:**

Several programmes were launched in the different five-year plans to help the underprivileged find work. Rural Work Programme (RWP), Crash Schemes for Rural Employment (CSRE), Employment Guarantee Schemes (EGS) launched in Maharashtra, Food for Work Programme (NREP), Rural Landless Employment Guarantee Programme (RLEGP), and Integrated Rural Development Programme (IRDP) are among the significant ones. With a budget of Rs. 1620 crores, the NREP was started during the sixth five-year plan with the goal of creating 300–400 million mandays of employment in rural regions annually. A budget of Rs. 1250.81 crores was maintained for the Seventh Plan in order to generate a total of 1455 million mandays of employment.

RLEGP was launched in August 1983 as a fully-funded scheme by the federal government to provide rural landless people jobs. The program's activities can be broadly divided into the following categories: (i) building micro habitats and housing units for SC/ST families and forced bonded labourers; (ii) social form forestry activities; (iii) building rural latrines; and (iv) other activities such as small irrigation projects, roads, water, seeds, and other projects.

The Seventh Plan allocated Rs. 1743.78 crores for RLEGP, which is expected to generate 1,013 million mandays of employment. Beginning on April 28, 1989, a brand-new programme called the Jawahar Rojgar Yojana was made available under the IRDP Programme. Each Gramme Panchayat receives Rs. 90,000 under this programme in order to carry out development projects and give 100 mandays of employment each year for chosen individuals.

### **Special Development Programme**

In 1970–1971 with an investment of Rs. 115 crores, the Draught Prone Areas Programme (DPAP) was launched. Special agencies like the Small Farmers Development Agencies (SFDA) and Marginal Farmers and Agricultural Labourers Development Agency (MFAL) were also established. Within the Fifth Plan, they were combined. For the benefit of small farmers and agricultural labourers, certain significant programmes, including as those for irrigation, land levelling, soil conservation, dairy development, poultry breeding, and piggery development, were established. In addition to this, the growth of industrial estates in rural regions, village handicrafts, and the promotion of small-scale and cottage industries have given agricultural labourers employment options.

### **Department of Rural Programmes**

The different State Central Governments have sometimes focused on the Rural Dept, and multiple attempts have been made to address this issue. The following laws have been passed to alleviate rural debt: the Gujarat Rural Debtors Relief Act of 1976, the Tamil Nadu Debt Relief Act of 1976, the Rajasthan Scheduled Debtors (Liquidation of Indebtedness) Act of 1976, etc. In order to satisfy their requirements and start cottage and other small scale enterprises, farmers and agricultural labourers may now get loans from Khadi Gramodhyog Co-operative Societies, Co-operative, National, and other banks under straightforward terms. The government has also mandated measures against pay attachment and jail time for debt[5], [6].

## DISCUSSION

### Resources Used by The Judiciary

After the "Keshwanand Bharati Case" (AIR 1973 SCC 1461), the Supreme Court established a stance in favour of land and against the concentration of wealth and economic power in a few number of persons. This viewpoint has been endorsed by the "Minerva Mills Case" (AIR 1980 SCC 1789). In the case of D.G. Mahajan v. State of Maharastra (AIR 1977 SCC 715) the Supreme Court demonstrated its great commitment to and genuine concern for land reforms. The Court concluded that the imposition of a cap on agricultural property for a family constituted an agrarian reform in this instance, rejecting judgements of multiple High Courts. Without a proactive plan of agricultural reforms, Mr. Justice P.N. Bhagwati said, "it was not possible to change the face of rural India or to raise the standards of living in the villages." The Court ruled that the Preamble and the Directive Principles of State Policy implicitly guarantee agricultural reforms, which is one of the economic pillars of the Indian Constitution. Naturally, it was made plain that neither the legislature nor the court intended to divest landlords. Through Public Interest Litigations, the Supreme Court has recently brought justice within the means of the underprivileged people. The court has highlighted different issues including bonded labourers, contract labourers, interstate migrant workers, and child workers in a number of instances and has given government authorities instructions to address them. The "Salal Hydro Electric Power Case" (AIR 1984 SC 177) is regarded as a milestone case in this regard. The court has also catalysed the implementation of Minimum Wages, different worker welfare policies, etc.

### Movements of Bhoodan and Sarvodaya

Here, details of Shri Vinobha Bhave's "Bhoodan and Sarvodaya" Movements are also discussed. The purpose of the Bhoodan, or "gift land," is to provide land for the landless labourers by awakening the altruistic instincts of the large landowners. Various Bhoodan Yojana Acts have been established in various States to make it easier for land to be donated to the Bhoodan and redistributed. Different States' laws address the process for granting legal legitimacy after the required investigation into the Bhoodan contribution and for vesting the land rights in the Bhoodan Society. In several States, including Maharashtra, Bihar, the U.P., H.P., Punjab, and Rajasthan, landless labourers have already obtained almost 12 lac acres under the Bhoodan programme. The "Bhoodan Movement" was launched in 1951 by Acharya Vinoba Bhave, a friend of Mahatma Gandhi, in Hyderabad's Telangana area, where there had been agrarian unrest brought on by farmers' lack of access to land. According to Vinoba Bahve, Bhoodan is a Gandhian-inspired technique for removing maladjustment in a nonviolent manner.

Land must belong to everyone in a fair and equitable social structure, according to Vinoba Bhave. That is why we do ask for a part to which the underprivileged are legitimately entitled. All around the nation, the movement gained traction. The goal was to gather 550lac acres of land so that each rural household may have access to some for farming. Since January 1957, the initiative has expanded into Gramdan, or the giving of whole villages. The movement takes on different forms in the non-agricultural sector, such as Sampattidan (giving of money), Buddhidan, and Jivandan (gift of one's mental capacity and life), in order to realise the Bhoodan objectives.

There have undoubtedly been many land reform initiatives, such as the elimination of intermediary rights in land and the prescription of a cap on property ownership, but these

initiatives are more detrimental to tenants than to workers who lack access to land. Strength should be given to the Bhoodan movement for making land accessible to those who lack it. The issues faced by labourers who are landless cannot be resolved by land allocation alone. Other corrective measures, such as cooperative farming, the development of cottage, small, and handicraft enterprises to fill seasonal employment gaps, are also crucial. Therefore, this movement just creates the ideal environment for agricultural labourers to develop [7], [8].

## **Partnership Movement**

### **India's Development of Cooperation**

Cooperation is the coming together of people to use ethical measures to achieve a shared economic goal. The expectation was that co-operation would "evolve a scheme of co-operative community organisation which touches upon all aspects of life" since India had its origins in villages. (Page 200 of the Planning Commission's Third Five-Year Plan) The cooperative movement first emerged during the years before independence. Due to the negative effects of money lending and rural debt, the concept of cooperation first emerged in our nation. Mr. Dupernmex created a few cooperative societies in Uttar Pradesh on his own initiative and published a book titled "The People's Bank in India" in 1902. The Cooperative Credit Society Act of 1940, which was based on the recommendations of the Famine Commission of 1901, set down the principles of unlimited responsibility for rural and urban cooperative societies. The Cooperative Society Act was enacted in 1912. This statute recognised the necessity for a central organisation for supervision and enabled non-credit types of co-operation such as purchasing, sale, manufacturing, insurance, and housing.

Following this statute, the number, membership, and operations of the societies all grew steadily. After the Second World War, in 1945, the Indian government established a cooperative planning committee that placed an emphasis on multifunctional societies, the growth of the movement, and increased support from the Reserve Bank. A Committee of Direction created by the Reserve Bank advocated a "integrated scheme of rural credit" in 1954, which sparked Imperial Bank's transformation into the State Bank of India and the opening of 400 additional rural branches for the purpose of rural credit. The cornerstone of the primary framework of our Plans after 1959 was cooperative farming and multipurpose cooperative societies, encompassing agricultural finance and marketing and consumer cooperative. There were 92,496 primary agricultural societies in 1983–1984 with 6.67 crore members, which represented 97% of the rural region. On June 30, 1984, their working capital was Rs. 5417 crores. Cooperative credit has grown significantly in significance in agricultural financing over time [9], [10].

### **The Cooperative Movement's Organisation**

The three-tire configuration of the Indian cooperative movement. The main agricultural societies are at the bottom, followed by "Central Co-operative Banks" at the district level and "State Co-operative Banks" at the top.

### **First Apex Cooperative Banks**

State cooperative banks, often known as Apex banks, exist at the state level. NABARD has been authorised with numerous aspects relating to policy, strategy, and operation in the area of agricultural financing since July 1982, making it an apex entity.

**Central Co-operative Societies:** "Central Co-operative Banks" & "Co-operative Union" have been established at the district level. Their key responsibilities are in the areas of supervision and loan advancement to the basic societies.

**Primary Societies:** Primary societies are created locally in the following ways:

- (a) Agricultural Non-Credit Societies are created for marketing, holding consolidation,
- (b) Agricultural Credit Societies are responsible for lending money to farmers.
- (c) the provision of superior seeds and manure, among other purposes.
- (d) Non-Agricultural Credit Societies provide loans to craftsmen, industrial labourers, and other professionals.
- (e) Non-Agricultural Credit Societies provide a variety of functions, including housing, retail, consumer cooperative societies, milk unions, industrial societies, etc.
- (f) Multipurpose Societies are established for both credit-related and non-credit-related purposes.
- (g) Service cooperatives are a modern way for a community to deliver shared services.
- (h) Co-operative Federation: The emergency of these federations has given the cooperative infrastructure new dimensions. The National Co-operative Union of India is at the top, and other organisations include the National Co-operative Housing Federation, All India State Co-operative Consumers Federation, Indian Farmers Fertilisers Co-operative Ltd. (IFFCO), a major fertiliser manufacturer, and the National Agricultural Co-operative marketing Federation of India Ltd. (NAFED).

Between the national level federation and the village level, NAFED represents 3,370 cooperative institutions and IFFCO represents 26,000. Co-operative

### **Results of the Cooperative Movement**

Cooperative organisations may be utilised at the village level to develop land, other resources, and other services in the community's general benefit. Additionally, some groups (such as craftspeople) may join cooperative societies that aim to meet their unique requirements. The following are the most significant social, economic, and political advantages that cooperatives provide to society:

- (1) The co-operative societies have made a significant contribution to the area of rural credit. As a result, the farmers are emerging free of the grasp of the lenders.
- (2) Encouragement of the Spirit of Frugality and Self-Reliance - Because cooperatives do not promote productive loans, farmers are increasingly giving themselves credit more for productive purposes and less for wasteful social functions.
- (3) The co-operative played a vital role in rural regions in the execution of the new plan by providing high yielding varieties of seeds, fertilisers, and agricultural implements and securing fair pricing for the product.
- (4) The role of cooperatives in cities- Housing and consumer cooperatives had a significant impact on the economy in urban areas by arranging housing loans for paid employees, displaced people, and by providing necessities during times of extreme scarcity.
- (5) Social and Political Benefits - The cooperative movement has sparked rural residents' engagement in society's growth and given them some expertise in managing and operating institutions.

## Deficiencies and Weaknesses

The cooperative movement had various limitations and challenges as a result of which it could not go very far. The following are some of the movement's flaws in India:

- (1) **Rural Illiteracy:** Because of ignorance and illiteracy, many only saw cooperative organisations as a viable alternative to moneylenders.
- (2) **The Distorted Nature of Co-operative Movement:** In the majority of societies, lending decisions are made with a great deal of favouritism, and poor management is the norm. Rich farmers who control, manage, and employ these societies' resources for personal gain have benefitted from them. Even better, they re-lend the money to rural impoverished people at higher interest rates.
- (3) **Insufficient financial resources:** The State and Central Banks have not been able to raise a lot of money from the general population. They are largely reliant on government handouts. Debts haven't been repaid on time as they should have.
- (4) **Ignorance of Non-finance Aspect:** For a very long time, cooperation was only sought in the area of agricultural finance, while other areas of the rural economy were disregarded.
- (5) **Government Imposition:** In India, the government enforced the cooperative movement. Government representatives connected to cooperative institutions are dishonest and ignorant of the cooperative movement's guiding principles.
- (6) **Others:** "Credit for limited purpose," "non-remunerative management," and "neglect of commercial principles" are further causes of the cooperative movement's failure.

Nevertheless, efforts should be taken to prevent the shortcomings and flaws with government and social support. In the framework of genuine assistance among the workers, the cooperative movement is essential to the socioeconomic wellbeing of agricultural workers. They will become more morally upright citizens as a result [11], [12].

## ACTION POINTS FOR IMPROVEMENT

To better the living and working circumstances of agricultural labourers and to address their issues, we might recommend the following:

- (1) **Effective Legislative Provision Implementation** - There is great need for improvement when it comes to the implementation of several laws, including the minimum wage act, the contract labour act, the bonded labour act, and the interstate migrant workers act.
- (2) **Resettlement of Agricultural Workers:** Agricultural labourers should share waste land and land acquired as a result of the execution of land ceiling legislation.
- (3) **Building the Bargaining Capacity-** Because major farmers and large landowners are economically and socially highly strong, special efforts should be made to organise agricultural workers under the protection and assistance of the government.
- (4) **In order to combat the strain on land brought on by the growing population,** we can develop a lot of job options outside the agricultural sector by supporting small and cottage enterprises and village handicrafts.
- (5) **Improving the Working Conditions** - Agricultural workers' working hours must be regulated by law and severely enforced. Overtime compensation must be given after the allotted time.

- (6) Public Works Programme for Underemployment - To ensure that agricultural labourers have work throughout the year, it is necessary to organise rural work programmes like building roads, schools, and wells during periods of inactivity or unemployment.
- (7) Raising the Standard of Living - The State can organise fair price shops, make arrangements for safe drinking water, and provide amenities and services like health centres, maternity wards, sports facilities, and vocational and technical training.

The most abused and mistreated group in rural society is the class of agricultural labourers. Prior to Independence, their situation was no better than a serf's. Their job was sporadic, and their income was minimal. They now lack both training and ability, which means they have no other career options either. They cannot defend their rights since they are not organised. Their issues and significant population growth are caused by a variety of sources. In the 40 years after the end of the colonial era, the situation has considerably improved. The government has shown awareness of the issues facing agricultural labourers, and all plan papers include suggestions for ways to enhance their quality of life and working environment. The pressing need to regulate agricultural workers' working conditions can only be met by enforcing land limits, allocating excess land to agricultural labourers, and encouraging tiny, cottage businesses and local handicrafts as a source of alternative employment.

### CONCLUSION

The influence of rural development policies and infrastructural investments on the lives of agricultural labourers is also assessed in the abstract. The level of life and social mobility of the agricultural workers may be considerably improved by expanding access to essential services, education, and healthcare in rural regions. The need of government actions in tackling the many problems facing farm labour is emphasised in this abstract's conclusion. While recognising the beneficial effects of different policies and programmes, it also emphasises the need for ongoing assessment and improvement to guarantee their efficacy and applicability. In order to build inclusive and sustainable policies that safeguard the rights and well-being of agricultural labourers and promote the development and resilience of the agricultural sector as a whole, it is necessary for governments, stakeholders, and civil society to work together. The report is a useful resource for academics, policymakers, and activists who are developing evidence-based and effective strategies to improve agricultural labour.

### REFERENCES:

- [1] T. Gao, A. Ivolga, and V. Erokhin, "Sustainable rural development in northern China: Caught in a vice between poverty, urban attractions, and migration," *Sustain.*, 2018.
- [2] W. A. Masters, N. Z. Rosenblum, and R. G. Alemu, "Agricultural Transformation, Nutrition Transition and Food Policy in Africa: Preston Curves Reveal New Stylised Facts," *J. Dev. Stud.*, 2018.
- [3] J. Sender, C. Cramer, and C. Oya, "Identifying the most deprived in rural Ethiopia and Uganda: a simple measure of socio-economic deprivation," *J. East. African Stud.*, 2018.
- [4] R. D. Ejike, E. E. Osuji, J. A. L. Effiong, and C. G. Agu, "Gender Dimension in Agricultural Food Value Chain Development in Nigeria: The Women Perspective," *Int. J. Agric. Earth Sci.*, 2018.

- [5] R. P. Lingatong, "Productivity of Cacao Farmers in Calinan District of Davao City," 2018.
- [6] P. Viswanadha Gupta, "Tribal Development in India-Status and Strategies," *Int. J. African Asian Stud. www.iiste.org ISSN*, 2018.
- [7] P. Pasquariello, "Government intervention and arbitrage," *Rev. Financ. Stud.*, 2018.
- [8] H. Bulut, "Government intervention in higher education: A theoretical approach," *Online J. Qual. High. Educ.*, 2018.
- [9] J. Gao, Z. Xiao, H. Wei, and G. Zhou, "Active or passive? Sustainable manufacturing in the direct-channel green supply chain: A perspective of two types of green product designs," *Transp. Res. Part D Transp. Environ.*, 2018.
- [10] P. T. Gianiodis and M. Thürer, "The Impact Of Government Intervention On Technological Regimes: The Sourcing Of Financial Innovation," *Int. J. Innov. Manag.*, 2018.
- [11] D. Davydov, "Does State Ownership of Banks Matter?: Russian Evidence from the Financial Crisis," *J. Emerg. Mark. Financ.*, 2018.
- [12] Y. Zu, L. Chen, and Y. Fan, "Research on low-carbon strategies in supply chain with environmental regulations based on differential game," *J. Clean. Prod.*, 2018.



## CHAPTER 14

### A BRIEF STUDY ON AIMS OF AN INDUSTRIAL POLICY

---

Mr. Ashwani Sharma, Assistant Professor  
Department of Basic Science, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

Governments, academics, and policymakers from all around the globe have given industrial policy considerable attention as an essential instrument of economic control. This abstract offers a thorough examination of the many objectives of industrial policies undertaken by various nations, concentrating on their goals, justifications, and effects on economic expansion and progress. The examination starts by examining the historical background and development of industrial policy, offering insight on how interventionist techniques gave way to more market-oriented policies. It demonstrates how, throughout time, shifting economic paradigms, technical breakthroughs, and globalisation have influenced the goals of industrial policy. The abstract looks at the main objectives that governments seek by using a comparative analysis of industrial strategies that have been enacted by different countries. These objectives include advancing industrialization, encouraging innovation and technical development, boosting productivity and competitiveness, and generating job opportunities. The study explores the complex methods used to accomplish these goals, such as trade policy, infrastructure development, targeted financial incentives, and support for R&D. The abstract also examines the effects of various industrial policy strategies on various economic sectors and society at large. It examines the trade-offs between immediate and long-term objectives while taking into account the dangers of protectionism and resource allocation distortions. The analysis of case studies from both developed and developing nations offers insightful information on the efficiency of different policy initiatives in obtaining desired results.

#### **KEYWORDS:**

Development, Economic, Industrial, Policy, Socioeconomic.

#### **INTRODUCTION**

When independence was finally attained, it was met with a variety of socioeconomic issues that necessitated the creation of an overt industrial strategy. Through state control, it primarily aimed at extensive industrial development and balanced expansion of various areas. The first industrial policy decision, which classified industries into four groups and placed emphasis on gradual nationalisation of businesses, was released in 1948. A new industrial policy resolution that included three categories of industries was announced in 1956 as a result of the prohibition on changing our industrial policy following the adoption of the Constitution in 1950 and the acceptance of the socialistic pattern of society as a goal of our socioeconomic policy. It placed focus on the concurrent growth of industry. In 1973, 1977, and 1980, these policy resolutions underwent modifications to better meet the requirements of development planning. But the issue that our economy should be run as a mixed economy has remained the major point of attention. In this unit, each of these aspects has been emphasised.

### **Industrial Policy Means**

Industrial policy refers to all practises, beliefs, guidelines, and laws that guide a nation's industrial endeavours and influence its industrialization pattern. It incorporates the fiscal and monetary policies, the tariff policy, the labour policy, and the government's attitude towards both the public and private sectors in addition to foreign aid[1], [2].

Industrial policy is required. The growth of industries in a controlled and coordinated way was required for economic development as well as to protect and perpetuate the recently attained political independence since just after independence our new national government was experiencing a lot of economic issues. Population was rising while production had decreased. The difficulty of rehabilitating refugees and the economic turmoil brought on by the country's division were making inflation worse. According to this viewpoint, it was crucial to establish an industrial structure in order to foster an environment that would encourage investment in the sector.

### **Objectives of Industrial Politics**

The primary objectives of industrial strategy are as follows:

creating the conditions for rapid industrialisation, which will accelerate economic growth; balancing regional development. The creation of job opportunities. To encourage investment in businesses, the state should regulate sectors appropriately and in the best interests of everyone. To adopt a balanced strategy for the growth of the public and private sectors. To gradually indigenize foreign enterprises. To mobilise resources for industrial growth, assign cottage and small-scale enterprises the correct role, and provide employees with a fair deal.

### **1948 Industrial Policy**

It defined the precise areas of government initiatives and privately held enterprises and provided a general framework for state supervision and management of the industrial sector. The following were its primary characteristics:

It classified industries into four groups: those that were the sole monopoly of the State; those that were fundamental and strategically important to the government; those that would be run by private enterprise but would be subject to state control and regulation; and those that would be residual and run by the private sector. Cottage and small-scale enterprises are to be developed in a cooperative and integrated way, and they are to play a significant role.

Peaceful workplace relationships should be promoted. The desire to nationalise enterprises predominated 1948's policy. The rise of the industrial sector did not need any incentive for capital creation. The trust of modern industries has been damaged more by the prospect of nationalisation. But it served as the foundation for the idea of a mixed economy[3], [4].

## **DISCUSSION**

### **1956 Industrial Policy**

After the ratification of our Constitution in 1950, which established a set of values in the guiding principles of State Policy, Fundamental Rights, and the acceptance of the socialist social structure as the main tenet of our social-economic planning and economic planning as a strategy

for economic development, a change in industrial policy was required. Consequently, a new strategy was introduced in 1956 and had the following aspects:

1. Three categories were created rather than four. These industries, which were under the exclusive jurisdiction of the State, were covered under Schedule A. Schedule B encompassed sectors that would gradually come under State ownership and in which the State would typically start up new businesses; the private sector would only be required to support the efforts of the State. All of the remaining sectors to be administered by the private sector were covered under Schedule C.
2. By ensuring the growth of transport, electricity, and other measures, the State was to support and promote the development of industries in the private sector. Additionally, appropriate financial help and budgetary measures were to be offered.
3. By continuously advancing and modernising the manufacturing method, village and small-scale business were to be supported in every way.
4. The resolution emphasised the need of preserving regional differences in levels of development so that industrialisation may benefit the whole nation.
5. Sufficient facilities for appropriate technical and supplemental training were to be offered.
6. The involvement of employees in management and joint consultation were to be used to ensure good labour relations. In accordance with the Resolution, public sector organisations were supposed to lead by example.
7. The idea of a mixed economy was firmly established by this policy resolution. It may be referred to be our economic Constitution, which served as inspiration for industry investment. As we had noted under the 1948 policy, the public sector did not dominate in that way [5], [6].

### **1973 Industrial Policy**

It had the following characteristics when it was unveiled on February 2nd, 1973:

1. It made the idea of a joint sector more well known and made it clear that it would not be utilised to enable dominating undertakings, bigger households, or foreign firms to enter industries from which they were otherwise barred. A genuine participation of the State in management should complement the idea of joint sector financial aid for private sector businesses.
2. Larger households were allowed to participate in basic, crucial, and strategic sectors as long as the manufactured product was not one that was exclusively produced by the government. If the output is mostly for professionals, this will be simpler. Foreign companies and subsidiaries were also permitted to engage in certain sectors, especially where the output served professional purposes.
3. The small sector or the current reservation policy was to be maintained. According to the potential and performance of the small-scale sector, the area of such a reserve was to be increased. To foster development with social fairness, independence, and self-reliance, the state industrial sector had to be expanded.
4. The Industrial Licencing Policy of 1970 shall be updated periodically to provide great clarity in the investment environment and support the Fifth Plan's priority and production targets.

5. The granting of industrial licences to larger houses was guaranteed to be more liberalised and free of monopolies and the restrictive Trade Practises Commission's meddling. The industrial strategy of 1973 attempted to implement the combined sector concept, but was unable to do so. Small and medium-sized businesses were unable to participate in the joint sector to a significant level, but giant industrial houses were not completely excluded either. In reality, it failed to recognise the joint sector in order to use private businesses and resources in accordance with the socioeconomic goals of the government [7], [8].

### **1977 INDUSTRIAL POLICY**

With a goal of double the pace of national income growth, raising industrial output, and encouraging small-scale, khadi, and rural industries, it was introduced in December 1977. The following were the key elements of the policy:

1. Promoting cottage and small-scale enterprises in towns and rural areas.
2. Promoting khadi and rural industries via unique initiatives.
3. The government will make it a priority to provide technology development and application that is suitable for the nation's socioeconomic situation enough attention.
4. The government will not stoke large-scale businesses solely as a monument of useless foreign technology or as a display of technical competence; instead, its mission will be to supply the fundamental necessities of the populace and to fit the social-economic demands of the nation:
5. The development of big homes will be appropriate to the magnitude of the resources produced, and they will not be allowed to monopolise the market.
6. The public sector would not only create significant and strategically vital items of a fundamental kind, but it would also work well as a stabilising factor to ensure consumers' access to basic products. In the event of foreign participation, the majority of ownership should, generally speaking, be held by Indians.

However, the government may take into account a foreign company that is entirely owned in industries that are solely export focused. Family-owned businesses will eventually lose control, and the government will urge that management become more professional. The administration of the sick units will be chosen by the government. It is policy to provide prompt and efficient rehabilitation and rebuilding of the units as well as ongoing professional management of ill units.

The principal objective of the 1977 Policy was to support cottage, small-scale, and khadi enterprises in urban and rural regions. The dominance of large industries and their ability to impede the growth of minor entities will not be tolerated. Unfortunately, since they were forced to run on their own managed capital, big scale industries' potential remains underutilised due to a lack of funding. The involvement of multinationals has grown in the guise of skilled promotion and powerful technology. The 1977 strategy, however, worked within the constraints of our current socioeconomic system.

### **1980 Industrial Policy**

It had the following characteristics when it was first unveiled in 1980: The investment limit has been raised from 10 Rs. 10 lacs to 20 Rs. lacs in order to enable the quick development of small scale companies in this situation. The private sector may expand in accordance with the

goals and objectives of national plans and programmes, but it may not exhibit monopolistic tendencies or lead to the concentration of economic power and riches in a small number of individuals. The government has decided to start an initiative to boost the effectiveness of public sector organisations. For this, they will be carefully inspected unit by unit, and remedial action will be taken whenever required in terms of a time-bound schedule.

The licencing process will be loosened and made simpler, and applications waiting for industrial licencing will be quickly resolved. The government would make an effort to make sure that the modernization process permeated local units and rural regions. The incentives offered to the large-scale industry for this aim may likewise be extended to this decentralised sector. Technologies will make the best use of the industrial capacity, and money will be made available on conscientious conditions for this purpose. Industries that use their industrial operations to preserve ecological balance and prevent water and air pollution will get special incentives. Overall, one may infer from the Industrial Policy of 1980 that it believed in the operation of a mixed economy, where the private sector is destined to play a more effective and active role. In actuality, the public and private sectors need to support one another and develop concurrently and cooperatively [9], [10].

### **The Latest Developments**

Recent changes include the following: In March 1985, the investment cap for small-scale businesses was raised from Rs. 20 lacs to Rs. 35 lacs. This cap is now set at Rs. 45 lacs for auxiliary units. In March 1985, 25 industries, including those in the cycle, machine tools, agricultural equipment, pharmaceuticals, surgical instruments, electrical equipment, etc., received licences. The introduction of a taxing system that would work with product pricing and help shift the economy away from a high-cost, low-efficiency model and towards one with lower input costs.

Export growth via increased competitiveness would be started for a long-term grip on the international market. The use of capacity will be promoted, and excellent performance will be recognised. A greater focus will be placed on identifying regions where the nation may have a natural advantage in production while at the same time developing cutting-edge technologies for modernisation. Confidence and a favorable environment for industrial growth will be created through various forms of relaxation, liberation, and investment incentive.

It will free up the industrial society from a plethora of rules and regulations, and all restrictions and tools used to impede the growth of industries will be eliminated. The socio-economic situations of the majority of people will be improved in the 21st century as we work towards a brighter future.

The discussion in the preceding pages demonstrates that the industrial policy resolutions that have sometimes been proclaimed were intended to achieve rapid industrial growth in order to function within the confines of our socio-economic policy. The first industrial strategy was proclaimed in 1948, and in 1956, some fundamental and significant revisions were made in light of the adoption of a new constitution and the acceptance of socialistic societal patterns as the primary focus of our socioeconomic policy. The improvements that followed were minor adjustments made to promote growth planning and protect everyone's interests in society. The most recent changes to the policy aim to simplify and liberalise industrial licencing while also encouraging the growth of the public and private sectors in tandem for mutual benefit.

## CONCLUSION

This addresses how industrial policy might support sustainable development and tackle urgent global issues like income inequality and climate change. It looks at how governments have incorporated social equity and environmental sustainability into their industrial policy frameworks to promote inclusive and green development. It emphasizes the importance of context-specific and flexible industrial policy methods that are in line with the particular socio-economic conditions of each nation in its conclusion. To guarantee the effectiveness and durability of industrial policy efforts, it emphasizes the need for stakeholder participation, strong institutional structures, and evidence-based policymaking. The comparative study offers insightful information for academics and policymakers looking to establish successful plans for promoting economic growth and prosperity. It also advances our collective knowledge of the dynamic and complicated nature of industrial policy.

## REFERENCES:

- [1] D. Brautigam, T. Weis, and X. Tang, “Latent advantage, complex challenges: Industrial policy and Chinese linkages in Ethiopia’s leather sector,” *China Econ. Rev.*, 2018.
- [2] P. Johnstone and P. Kivimaa, “Multiple dimensions of disruption, energy transitions and industrial policy,” *Energy Research and Social Science*. 2018.
- [3] A. Pelle and S. Somosi, “Possible challenges for EU-level industrial policy: Where do potentials for policy improvement in central and Eastern European countries lie?,” *Journal fur Entwicklungspolitik*. 2018.
- [4] N. Crafts, “Industrial Policy in the Context of Brexit,” *Fisc. Stud.*, 2018.
- [5] O. A. Romanova, “Industrial policy priorities of Russia in the context of challenges of the fourth industrial revolution. Part 2,” *Econ. Reg.*, 2018.
- [6] E. Majerowicz and C. A. De Medeiros, “Chinese industrial policy in the geopolitics of the information age: The case of semiconductors,” *Rev. Econ. Contemp.*, 2018.
- [7] D. Zheng and M. Shi, “Industrial land policy, firm heterogeneity and firm location choice: Evidence from China,” *Land use policy*, 2018.
- [8] O. A. Romanova, “Industrial Policy Priorities of Russia in the Context of Challenges of the Fourth Industrial Revolution. Part 1,” *Econ. Reg.*, 2018.
- [9] W. F. Sorte Junior, “The use of government purchasing power in industrial policies: A comparison between Brazil and Japan,” *Rev. Adm. Publica*, 2018.
- [10] N. Stojčić and Z. Aralica, “(De)industrialisation and lessons for industrial policy in Central and Eastern Europe,” *Post-Communist Econ.*, 2018.

## CHAPTER 15

### A BRIEF INTRODUCTION OF INDUSTRIAL DEVELOPMENT

---

Mr. Sunil Kumar, Assistant Professor  
Department of Basic Science, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

Global economies and civilizations have been radically changed by the advent of industrial progress. This summary offers a thorough review of the importance, forces, and effects of industrial development, emphasising how it has accelerated economic growth and promoted social change. Starting with the historical background of industrial growth and tracing its origins from the industrial revolution to the modern knowledge-driven economy, the examination looks at the industrial development process. It looks at the crucial roles that scientific discoveries, technical developments, and entrepreneurialism have had in promoting economic growth and raising productivity. The abstract looks at the multifaceted effects of industrial growth using empirical research and case studies from different nations. It highlights how the development of the middle class, urbanisation, and expanded work possibilities brought about by industrialisation have raised millions of people's living standards. This examines how industrial growth affects globalisation and international commerce. It examines how industrialisation has aided market development, encouraged specialisation, and strengthened economic integration, resulting in increased interdependence across countries. The problems and possibilities brought on by the advent of industrial development are also examined in the abstract. It critically evaluates the effects of industrial progress on the environment and society, including pollution, resource depletion, and economic disparities. It also emphasises how technology advancements, inclusive laws, and sustainable industrial practises may lessen these difficulties and pave the way for industrialisation that is both more egalitarian and ecologically responsible.

#### **KEYWORDS:**

Development, Economic, Enterprise, Industrial, Labour, Productivity.

#### **INTRODUCTION**

In order to familiarise you with the expansion of heavy and large-scale industries in India throughout the plan period, this unit has been produced. After some time has passed since the establishment of the heavy industries for the manufacture of production tools, industrialization picks up speed. The whole economy switches to the industrial mode of production once sufficient industrial potential have been generated. The process of industrialization is one of economic growth in which increasingly more portions of the country become capable of ensuring a rapid rate of growth for the economy as a whole and of overcoming social backwardness. In order to industrialise our nation, focus is being placed on all three of the main industrial sectors—large-scale, small-scale, and cottage industries. The criteria used in India to distinguish between these groups have changed throughout time. The standard that exempted some sectors from registration for the purposes of this Act was originally approved in 1955 and was implicit in

the Industrial Development and Regulation Act. Industries that employed fewer than 50 people with access to electricity and less than 100 workers without it were those that were exempted. Small-scale production units became the name for the exempted industry. The remaining industries, defined as those that employ 100 or more employees without electricity, came to be known as large-scale industries via the process of excluding these businesses.

The since 1960 and amended in 1966, 1980, and 1985 criteria separates industries based on capital expenditure. All industrial facilities with a capital investment of less than Rs. 35 lakhs are classified as small-scale facilities under this criterion. The limitation on capital investment is greater for auxiliary businesses, or those that support large scale enterprises with things like components, at Rs. 45 lakhs. Equipment and plant capital investment. The vast range in land costs at various locations does not include land or manufacturing structures. According to this categorization, any industry with capital expenditures beyond those allowed for small-scale enterprises is considered a major industry[1], [2].

Largeness in the production scale of huge enterprises is inextricably linked to other characteristics. Due of the high capital requirements, funding is provided through institutions like joint-stock companies. Through the sale of shares, debentures, and other securities, these organisations enable people to access the resources of several organisations of this kind. These industries use power-driven machinery and cutting-edge manufacturing techniques. Additionally, these sectors pay their workers. The whole output of these industries is available for purchase, and there are markets for it both within and outside of the nation. Urban industries mostly include large scale enterprises. They congregate close to cities. Even though these businesses were first established in non-urban locations, urbanisation occurs around them to offer a variety of services for the numerous men who work in them. Large-scale operations have been assigned a major role in the development strategy of the less developed nations to manage their large-scale operation of outside/sale inputs etc. For the establishment of certain basic and capital goods sectors, large-scale enterprises are required.

These industries are a part of several economic sectors. As an example, infrastructure facilities needed the development of transportation, communication, electricity, etc. These industries have enormous, lumpy, and indivisible investments that make it impossible to establish them in tiny units or disperse them over a wide region. In other words, the industrial setup cannot be engaged without a very large minimum investment that must also be focused. Their production volume is enormous. With significant expenditures made in big businesses, the scale to pay well and the capital per person is quite high. High incomes are now achievable thanks to this rise.

This raises salaries and other rewards in other economic areas. The availability of tools, fertiliser, and other agricultural supplies has made it easier to modernise agriculture, increasing output per person in the agricultural industry. Industrialization's underlying mechanisms reinforce one another, increasing overall productivity. Large-scale industries make it possible to create items at lower costs and on a larger scale, making them more affordable for a wider range of people and boosting the competitiveness of the power export market. With millions of people working in the many industries purchasing one another's goods, these sectors may develop their own markets. A compelling argument was made for significant investment in many sectors at once and simultaneously under the "Big Push" theories of economic growth. Setting up a single factory or industry will be useless.



## Advancement Under Plans

### India's Industrial Evolution

India was more advanced industrially than the economy of West European nations before to the advent of the British. Indian industry was ruthlessly decimated by the British. India therefore gained independence with a weakened industrial base, underdeveloped structural infrastructure, and a stagnating economy. There was modest growth even though contemporary industrial businesses had established themselves in India throughout the 19th century. After 1900, there was a gradual increase in the growth rate. India's industrial sector was surprisingly little when it finished its century-long industrialisation. In the period of industrialization Consumer goods sectors had received the majority of the attention, while the growth of the basic and capital goods industries had lagged. The country's capacity was often insufficient for industries producing capital goods and industries producing intermediate goods. Without significantly expanding output of iron and steel, aluminium, ferro-alloy, caustic soda, soda ash, fertilisers, and petroleum products, for which demand was much greater than domestic supply, a high pace of industrial growth could not be attained. Only the textile machinery sector had made any significant progress in terms of producing the plants and machines needed by diverse industries. The significant growth in electricity output was dependent on imported generating equipment. Only little progress had been achieved in the production of synthetic medicines, antibiotics, dyes, and organic compounds. For the years 1900–1901 through 1945–1946, the growth rate of industrial production was 2.0 percent.

Therefore, industrial efforts previous to independence were insufficient to achieve a transition via industrialisation. Around the same time, traditional activities and agriculture started to be modernised to a degree equivalent to that attained in independent states. Under these conditions, 5 Year Plans start to address these deficiencies and defects to the greatest extent feasible and to start development that might serve as the foundation for the gradual growth of this sector[3], [4].

## DISCUSSION

### Priorities and Plan

#### Initial Five-Year Plan

During the First Plan, an effort was made to give the idea of a mixed economy a concrete form by making provisions for the complementary growth of the public and private sectors. The industrial sector's general order of importance was as follows:

A greater use of the capacity already in place in consumer and producer products sectors such as cotton textiles, sugar, soap, vanaspati, paint, and varnishers. expansion of capacity in the capital and producer goods sectors, such as machine tools, iron and steel, aluminium, cement, and fertilisers. completion of an industrial unit for which certain capital expenses have already been spent, and the construction of new facilities that would strengthen the industrial structure by addressing, to the extent that resources allowed, the flaws and shortcomings already present, such as the production of chemical pulp for rayon and the production of sulphur from gypsum. During the First Plan, the consumer goods, intermediate products, and capital goods sectors at present princess saw average annual growth rates of 6.1%, 0.3%, and 13.0%, respectively. The average yearly growth rate for all industries comes out to 6.5%.

### **Additional Five-Year Plan**

Industrialization was given great importance in the Second Five Year Plan. Public firms were expected to significantly expand in the area of mining and industrial development. This plan outlined the job for building capital goods and basic goods businesses, as well as mineral projects that may be constructed in the future using the Mahalnobis model. The Planning Commission conceptualised the increase of industrial capacity in terms of the following priorities within the parameters of the Industrial Policy Resolution of 1956:

expansion of the heavy engineering and machine industries; increased output of iron and steel, heavy chemicals, particularly nitrogenous fertilisers; expansion of production capacity for other producer products and commodities for development, such as fertilisers with phosphates, necessary pharmaceuticals, chemical pulp, dyes, and aluminium. re-equipment and modernization of significant national industries that are already established, such as jute, cotton textiles, and sugar; increased use of already installed capacity in sectors where there are large production and capacity shortages. expansion of consumer goods production capacity while bearing in mind the demands of shared production plans and the industrial sector's decentralised production ambitions. According to current pricing, the average annual growth rate is as follows: 11.8% for the consumer goods sector, 15.6% for the intermediate goods sector, and 2.3 % for the capital goods sector[5], [6].

### **Three-year Five-Year Plan**

Laying the groundwork for additional, rapid industrialisation over the next 15 years was the general goal of the industrial sector under the Third Plan. The following priorities should be given priority when considering industrial initiatives and projects:

Completion of projects started under the Second Plan or postponed in 1957–1958 because of currency exchange issues Increased production of fertilisers and petroleum products, as well as the expansion and diversification of the heavy engineering and machine building sectors, alloy tool and special steels, iron and steel, and ferrous-alloys Increased domestic industry production of goods needed to meet basic needs, such as essential drugs, paper, cloth, sugar, vegetable oils, and housing material. Increased production of major basic raw materials and produce goods, such as aluminium, mineral oils, basic organic and inorganic chemicals, and intermediates.

The average yearly growth rate for all sectors combined comes out to 6.8% compared to the desired 11.0 %. The following are the typical explanations for the Third Plan's insufficient growth: droughts for three years that forced resources to be redirected for food imports; conflicts with China (1962) and Pakistan (1965); and the suspension of foreign financing in 1966. However, a number of industrial fields, including aluminium, vehicles, electrical transformers, machine tools, engines, textile machines, ball bearings, and roller bearings, saw genuine growth of more than 15% each year.

### **Third Five Year Plan**

Third Five Year Plan the Fourth Plan, which ran from April 1969 to March 1974, was a crucial component of the 12-year project. The overall goal of industrial development was to: Quickly increase non-farm employment opportunities by speeding up industrialization; Quickly increase investments growing at a faster rate than aggregate income with a focus on quickly increasing manufactured inputs going into agriculture, capital equipment, metals, petroleum products, and

chemicals, i.e. areas where dependence on imports is particularly high; and Quickly increase speedy self-reliance. Aiming to prevent technical unemployment as a result of the unchecked development of capital-intensive contemporary technology during the transitional era and taking care to avoid "freezing the existing technological situation" in order to reduce or eliminate unemployment.

The 8–10% range was maintained as the aim for industrial output growth. However, the real pace of industrialisation was significantly slower, and many sectors faced significant shortages. As a consequence, the annual growth rate of industrial output was limited to 3.9%. The performance of the basic and capital goods sectors was especially poor. Basic industries barely increased at a pace of 4.9% annually compared to the aim of 9.9%. Compared to the aim of 17.1% annually, the growth in the capital goods industry was a pitiful 5.9%.

### **Five-Year Plan No. 5**

The Fifth Plan's industrial programmes were designed with the dual goals of self-sufficiency and expansion with social justice in mind. The following investment and output pattern was anticipated: Rapid diversification and growth of export producing industries; Significant expansion of production of essential consumer goods like cloth, edible oils and vanaspati, sugar, drugs, bicycles, etc.; and Restraint on the production of non-essential consumer goods were all given high priority as a result of their importance for sustained growth over the long term. The actual rate of growth for industrial production was 5.2%, as opposed to the predicted total rate of rise of 7.0%. The industrial sector's overall performance fell short of expectations.

### **Third Five Year Plan**

The Sixth Plan established the following goals for industrial development: Maximum productivity gains and best use of current resources; Significant expansion of manufacturing capacity in the public and private sectors, spanning a wide range of industries, to supply not only consumer goods and consumer durables, but also to support agricultural and industrial growth through the provision of intermediate and capital goods. The capital goods industries in general, and the electronics industry in particular, would draw particular attention because they support the expansion of a wide range of economic activities. expansion of production capabilities for industrial items that are essential for export, such as engineering goods. encouraging commercial research and development; starting initiatives to increase energy efficiency; and distributing industries to improve the underdeveloped areas.

In the Sixth Plan, industrial output was to rise at a target pace of 7% annually. However, the growth rate was just 5.5%, which is somewhat less than the 6% trend growth rate seen over the previous three decades. Several sectors, including those producing machineries, tools, vehicles, motorcycles, scooters, consumer electronics, and communications equipment, have surpassed their production goals. However, certain fundamental sectors experienced output shortages, including steel, cement, non-ferrous metals, fertilisers, and a few others, such as textile and jute manufacturers, sugar, pharmaceutical and chemical industries, commercial vehicles, and railway waggons. A domestic imbalance brought on by production deficiencies had to be rectified by importing necessities like steel, cement, fertiliser, and sugar. The most significant barrier to industrial production in the Sixth Plan was the lack of power. Other factors included persistent labour unrest, insufficient demand for textiles, a lack of raw materials for the production of jute,

a scarcity of cooking coal for steel, and a lack of adequate supply of steel of the right quality for some steel-using industries[6], [7].

The industrial sector is expected to develop at an average annual rate of 8% under the Seventh Plan, with several of its subsectors expected to grow at substantially greater rates. The following goals have been maintained for the industrial sector: To maximise the use of the existing facilities by restructuring, increased productivity, and technological advancement; To provide a sufficient supply of consumer products and mass-market items at affordable costs and acceptable quality. To focus on developing sectors with a sizable local market and export potential in order to become global leaders in those sectors; To usher in "sunrise" sectors with sizable growth potential and relevance to our requirements; to develop a comprehensive strategy for crucial sectors' self-reliance increasing opportunities for competent, trained men to find work Power

## **Plans of Attack for the Seventh Plan**

### **Reorganization of Industry**

The Plan envisions continuing the trend of shifting away from traditional sectors and towards those that produce basic metals, fertilisers, and industrial goods while giving rising technology-intensive businesses a larger stake. Industries named "sunrise" have been given a unique position. Electronics, sophisticated machine tools, and telecommunications are examples of high technology, high value-added, and knowledge-based enterprises that are related to these sectors. Efficient Use of Capital The use of investments will be emphasised in order to maximise surplus via improved maintenance and fuller use of existing capacity.

### **Making Infrastructure Improvements**

The creation of new power stations, including super-thermal and nuclear plants, as well as the more effective management of the current capacity have been prioritised. Energy-saving measures will be adopted, and companies that consume a lot of energy will need to be downplayed until the supply of electricity is sufficiently improved.

### **Modernization and technological advancement**

A key tool for maximising the value added potential of the industrial sector is new technology. In order to foster intense rivalry within the industrial sector, modernisation investment will be encouraged. In early 20th-century establishments like the textile and sugar industries, this requirement is critical. A decrease in cost and an increase in quality might be achieved by promoting modernization and technical advancement together with the introduction of a significant amount of competition.

### **Product Creation**

The capacity of a certain industry to launch commercially successful new products serves as a measure of its technical strength. All significant public sector organisations need to have timeline-bound objectives for developing new products. They should link academic institutions and research institutes in this respect. The growth of the electronic industry will be prioritised due to its flexibility, effect on other industries' performance quality, strengthening of product development restrictions in engineering industries, and introduction of computer-aided design and production.

Increased emphasis has been placed on productivity. Specific productivity goals have been set for important sectors including petrochemicals, non-ferrous metals, and fertilisers. For the scheme, paper cement will be built up. Automated selection of applicants, microprocessors, and fibre optics. Flu production systems and the use of computer-aided manufacturing should be used in this procedure. Fiscal incentives may have been taken into consideration to encourage such technological upgrade approaches. Institutional ties must be developed in conjunction with the trade unions since no effort in this direction will be effective without the cooperation of the work force [8], [9].

### **Areas of Thrust for Export**

It is suggested that extra effort be put into a few key sectors where the nation has a competitive advantage and has already attained a certain level of industrial maturity. To attain specialisation in a few selected spheres of operation and to get orders for turnkey projects overseas, a selective strategy will need to be used when exporting projects.

### **Industrial Growth Trends**

Since India's independence, its overall industrial development has been outstanding. The key characteristics of industrial development throughout the Plan era are as follows:

#### **High Rate of Growth Overall**

Since 1950–1951, the industrial production (big and medium size industries) has increased at a pace of around 6% annually. The population rise rate, which is roughly 2.5%, has been considerably outpaced by the growth rate. Additionally, it is substantially greater than the 3.5% rise in national income and 2.7% growth in the agriculture sector. The trend in industrial output is noteworthy when compared to pre-independence. From 1900-01 to 1945-46, the industrial production only increased by a modest 2.0% each year.

#### **Industrial Slowdown**

Large-scale industry production growth has consistently lagged below the desired pace of expansion. During the Fifth Plan, the growth rate was 5.6%, while during the Sixth Plan, it was 3.7%. This demonstrates that after 1965, the industrial sector's growth rate significantly declined, unlike its first fifteen years of expansion, which were marked by a consistently growing rate of growth. As a result, the period after 1965 was marked by an industrial slowdown. The value contributed by manufacturing, as compared to the net domestic product, has stayed essentially constant (13.8%) throughout the 1960s and has only slightly increased during the 1970s (15.3%), since the growth rate in subsequent plans has fallen short of the goals. However, over the years 1980 to 1984, this percentage again stayed steady at 15.4%. In addition, the expansion of the basic and capital goods sectors saw a sharp fall. From 9.8% per year in the First Plan to 13.1% in the Second Plan, and then to an astounding 19.6% per year in the Third Plan, the capital goods sectors saw steady and significant expansion. It was just 2.6% annually for the next ten years, and it was only 5.7% during the Fifth Plan and 5.1% during the Sixth Plan. The similar pattern can be seen in the basic industries, where the growth rate dropped from 10.5% in the middle of the 1960s to 5.3% in the middle of the 1970s. The manufacturing sector has had yearly growth rates of 9.7, 9.3, and 8.2 percent throughout the first three years of the Seventh Plan, respectively.

### **Expansion of the Capital Goods and Basic Goods Industries**

Since the middle of the 1950s, the growth rate of industries producing capital goods (industrial machinery, construction machinery, transport equipment, mining equipment, electric power equipment, etc.) and basic goods (Iron & Steel, Aluminium, Copper, Zinc, Lead, Steel Casting, Cement, Caustic Soda, Soda Ash, Calcium Carbide, Fertilisers, etc.) has been relatively faster (Table 1). The outcome is that the basic and capital goods sectors now have a prominent place in the nation's industrial structure. Their output made up a very modest and inconsequential part of all industrial production at the start of the planning process. Currently, these sectors provide around 50% of the total value created by the industry. As would be obvious, the proportion of capital goods industries in total industrial production and gross value added increased steadily while that of consumer goods sectors decreased [10], [11].

### **Increasing Industrial Structure Variety**

There weren't many large-scale enterprises and there wasn't much diversity in the goods at the time of independence. Sugar and Textiles had a key position. Over the last 40 years, all of this has altered. India now has a wide range of industries that produce commodities of various types, ranging from the most basic to the most complex wares. Steel and iron. Lead, Copper, Zinc, and Aluminium. The new industries that emerged throughout the plan era include engineering products, shipbuilding, fertilisers, pesticides, petrochemicals, chemicals, electronics, and atomic energy.

### **Developing Infrastructure**

In the five-year plans, significant efforts have been made to provide essential infrastructure including transportation, electricity, and communication. Naturally, businesses involved in this initiative have been given top consideration. These include large electrical apparatus such as transformers and switch gears. boilers, circuit breakers, etc.

### **Capital Goods Structural Changes**

About 70% of the total value added in the capital goods industries sector in 1960 was produced by the transport equipment industry. Its proportion has decreased to around 34% by 1978. Significant increases were seen in the percentage of chemical equipment, mechanical machinery, heavy electrical, and all other electrical machinery. For example, the proportion of heavy electrical increased from 5.2% in 1960 to 17.6% in 1978. The percentage of mechanical equipment increased from 13.3% in 1960 to 26.2 in 1978, while the share of all other electrical machinery increased from 10% in 1960 to 28% in 1978.

## **CONCLUSION**

In light of new developments like digitization, automation, and the fourth industrial revolution, the paper's conclusion discusses possible future pathways for industrial growth. In order to keep industrial growth human-centered and in line with sustainable development objectives, it emphasises the necessity for policymakers to establish a balance between technology breakthroughs and social well-being. It emphasises the relevance of industrial progress as a major force behind economic expansion, wealth, and social change in its conclusion. It promotes proactive policymaking and global collaboration in order to maximise the benefits of industrialization while minimising its negative effects. This study intends to enlighten

policymakers, scholars, and stakeholders about the complex dynamics of industrialization and its consequences for the future of economies and society globally by providing a thorough examination of the advent of industrial development.

#### REFERENCES:

- [1] Z. Liu *et al.*, “Co-benefits accounting for the implementation of eco-industrial development strategies in the scale of industrial park based on energy analysis,” *Renewable and Sustainable Energy Reviews*. 2018.
- [2] Y. Lokko, M. Heijde, K. Schebesta, P. Scholtès, M. Van Montagu, and M. Giacca, “Biotechnology and the bioeconomy—Towards inclusive and sustainable industrial development,” *New Biotechnology*. 2018.
- [3] P. R. Agénor and B. Alpaslan, “Infrastructure And Industrial Development With Endogenous Skill Acquisition,” *Bull. Econ. Res.*, 2018.
- [4] S. L. Lin, J. Lu, J. Bin Su, and W. P. Chen, “Sustainable returns: The effect of regional industrial development policy on institutional investors’ behavior in China,” *Sustain.*, 2018.
- [5] Z. Liu, X. Chen, J. Chu, and Q. Zhu, “Industrial development environment and innovation efficiency of high-tech industry: analysis based on the framework of innovation systems,” *Technol. Anal. Strateg. Manag.*, 2018.
- [6] UNIDO, “Inclusive and Sustainable Industrial Development,” *United Nations Ind. Dev. Organ.*, 2018.
- [7] E. Alphandéry, “Glioblastoma treatments: An account of recent industrial developments,” *Frontiers in Pharmacology*. 2018.
- [8] P. Pelli, “Services and industrial development: analysis of industrial policy, trends and issues for the forest-based sector,” *J. For. Econ.*, 2018.
- [9] P. R. Tomlinson and J. Robert Branston, “Firms, governance and development in industrial districts,” *Reg. Stud.*, 2018.
- [10] J. Fessehaie and Z. Rustomjee, “Resource-based industrialisation in Southern Africa: Domestic policies, corporate strategies and regional dynamics,” *Dev. South. Afr.*, 2018.
- [11] P. Bustos, J. Castro-Vincenzi, J. Monras, and J. Ponticelli, “Labor-Saving Agricultural Technical Change and Industrial Development,” *SSRN Electron. J.*, 2018.

## CHAPTER 16

### A BRIEF STUDY ON DEVELOPMENT OF THE PUBLIC SECTOR

---

Mr. Yatin Adhana, Assistant Professor  
Department of Basic Science, IIMT University, Meerut, Uttar Pradesh, India.

#### **ABSTRACT:**

In addition to providing necessary services and carrying out policies for the welfare and advancement of individuals, the public sector is crucial in forming economies and communities. This summary provides a thorough overview of the historical expansion of the public sector, looking at its development, difficulties encountered, and prospective future growth and transformation options. The research begins with a historical review of the creation of the public sector, charting its development from early administrative systems to the various and complex organizations we see today. It emphasizes the elements such as industrialization, urbanisation, and societal demands that have fueled the growth of the public sector while taking into account varied regional public sector development patterns. The abstract explores the difficulties that have influenced the public sector's trajectory using case studies and actual data. These difficulties include inefficiency, complicated bureaucracies, fraud, financial limitations, and adjusting to quickly shifting socioeconomic environments. It critically analyses how these issues affect the delivery of public services, governance, and public faith in institutions. The report also examines the actions and changes put forward by governments to deal with the underlying issues and enhance the efficiency of the public sector. It examines how new methods to public administration, initiatives at privatization, digitization, and public-private partnerships are emerging as means of boosting effectiveness, accountability, and the provision of services that are centered on the needs of citizens.

#### **KEYWORDS:**

Development, Economic, Enterprise, Industrial, Labor, Productivity.

#### **INTRODUCTION**

The private sector was in charge of the whole spectrum of industrial sector activity prior to independence. In heavy and large-scale industries, the public sector emerged and saw a huge development throughout the post-independence era. At the start of the First Plan, there were only 5 public sector entities with a combined capital of only Rs. 29 crores. As of March 31, 1987, there were 228 public firms with a total capital employed of Rs. 51931 crores. 100% of the nation's output of petroleum, lignite, copper, and lead is under public sector control. Public sector companies produce over 75% of the nation's steel. In a number of industries, including the production of fuel, basic metals, non-ferrous metals, fertilisers, engineering, chemicals, pharmaceuticals, and communication equipment, the public sector has grown to play a significant role in the national economy. While the industrial landscape is generally excellent in terms of quality, large-scale enterprises are not in a good place in terms of quantity. They are too little to compete with the enormous Indian economy. 12.73 percent was the total proportion of value added by registered manufacturing in the NDP in 1985–1986 (New series). India's total manufacturing growth rate is far slower than that of the other top newly industrialised nations in



the third world. India's contribution to the industrial output of the third world (excluding China) decreased from 13% in 1963 to just 8.27% in 1983.

### **Finance**

Large-scale industries have high capital needs. Production operations include hiring workers, purchasing raw materials, funding the construction of structures, and buying machinery. Three different forms of financing are required for the execution of these activities: long-term, medium-term, and short-term. A lengthy period of time is intended for the repayment of long-term debt. It is utilised for things like building construction, equipment purchases, etc. Medium-term loans are repaid over a shorter time frame. This is used for tasks including machine maintenance, machine repair, and machine replacement. The acquisition of raw materials, paying wages to employees, and constructing inventory all need short-term financing that will be repaid over a year or a bit longer. Even a small number of organisers cannot afford to provide their own funding for large-scale companies[1], [2]. Thus, a money market and influential institutions are necessary for the provision of finance. The following are the major industries' sources of funding:

#### **The following shares:**

The majority of industrial endeavours are organised as joint stock corporations. These businesses have the authority to issue shares in order to accumulate fixed capital. Companies may issue two different kinds of shares.

1. Preferred Stock
2. Common Stock.

To allow the greatest number of people to participate in the provision of financing, it is now popular to issue ordinary shares in tiny denominations of 10 rupees. The corporation has a right to provide dividends to its shareholders.

#### **Debentures:**

Debentures are another long-term financing option available to industrial enterprises. The purchasers of debentures are the firms' creditors. On the money invested in debentures, they get a predetermined rate of interest. It is intended to draw in investors who are content with a steady income and are not ready to put their money at risk.

#### **Government Deposits:**

People hold their money on deposit with businesses under this method for a minimum of six months. Interest is paid to depositors at a set rate. Companies utilise this money to meet their working capital demands. A significant percentage of the capital in the cotton textile industries of Ahmedabad, Bombay, and Sholapur was acquired by public deposits in the early years of growth. This source's contribution to financing has diminished. Debentures are more appealing to investors. Debentures may be bought and sold on the stock market and are transferrable. These services aren't offered for public deposits.

#### **Business banks**

If commercial banks provide businesses money for working capital. In 1987, 36% of all bank credit went to industrial advances (medium and large-scale companies).

### **Reinvestment of Profits**

Ploughing back of profits made by the private sector's industries has been the primary source of capital creation in the private sector. The five-year plans properly highlighted this source of funding and made great use of it.

### **Regulatory Finance**

Following independence, a variety of unique banks were created to satisfy the sectors' credit needs. The following are significant organizations created in India with the intention of providing industrial finance:

1. India's Industrial Finance Corporation was founded in 1948.
2. India's Industrial Credit and Investment Corporation was established in 1955.
3. State-owned financial institutions
4. Indian Industrial Development Bank, 1964
5. India's Industrial Reconstruction Bank, 1971

### **Indian unit trust unit**

Private, public, and joint sector businesses may get financial support from the Industrial Finance Corporation of India for new projects as well as for the growth, refurbishment, modernisation, or diversification of already existing ones. Financial assistance is offered through the Indian Industrial Credit and Investment Corporation.

### **Industry Setting**

The idea of decentralised industry growth is of utmost importance in today's economic planning and thinking. This strategy is said to be especially significant for nations with large geographic areas. The following list includes the purposes and objectives of regional industrial activity distribution: More equitable development of the nation's local resources; optimum industrial activity based on larger, economic, social, and strategic considerations; conservation of finite and exhaustible resources for future generations; equitable distribution of employment opportunities that are concentrated in a small number of States and result in a significant divide in per capita income between different regions. As far as feasible, a homogeneous rise in buying power is anticipated. achieving certain social goals, such as preventing labour emigration, preventing depressed areas from developing, balancing per capita income across the nation, and relieving the mounting pressure on land, public utilities, and transportation in industrial urban centers[3], [4]. The Sixth Five Year Plan's updated draught by the Planning Commission has highlighted the differences between states' levels of industrial growth. Industry diversification and balanced regional growth are acknowledged as crucial goals of planned development in India. To this purpose, a number of actions were done throughout the previous plan phases.

## **DISCUSSION**

Public sector projects that are located in underserved areas include: industrial licencing policies, particularly for the sugar and textile industries; tax incentives to establish new businesses in underserved areas under the Income Tax Act; subsidies from the Central Government for industrial investment in designated underserved districts and areas; and concessional financing or refinancing for industrial projects in designated underserved districts and areas by term-lending institutions. States in India may be divided into three groups based on their degree of industrial

development: States with a long industrial history, like Gujarat, Tamil Nadu, West Bengal, and Maharashtra. These States account for 53% of the production's Net Value-Added and have 44% of the world's factories inside their borders. States like Andhra Pradesh and Kerala had substantial industrial expansion, especially after gaining independence. Punjab, Haryana, and Karnataka. 35% of factories are located in these five States overall. The Net-Value-Added by Manufacturing is contributed by the States at a rate of roughly 21%.

Assam, Bihar, Himachal Pradesh, Jammu & Kashmir, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh, and others are among the states that are still the least industrially developed. During the months of April through November, around 46% of all licences granted went to underserved regions. 1988. Up to 1987–1988, units in underdeveloped regions received federal investment subsidies totaling Rs. 672 crores. Pradesh, Andhra. Since the program's start, Madhya Pradesh, Rajasthan, Tamil Nadu, and Uttar Pradesh have taken advantage of it the most often, making up around 46% of the total subsidy. Four States, namely the U.S. Since this subsidy's inception, Assam, Bihar, Orissa, and West Bengal have only been able to absorb roughly 8% of it. In all, Rs. 154 crores in federal investment subsidies were paid out in the years 1987–1988.

The government has announced plans to build 100 development centres around the nation over the next five years after realising that the lack of infrastructure amenities is one of the barriers preventing the industrialization of underdeveloped regions. By properly developing their infrastructure, these growth centres are meant to operate as gravity centres for drawing industries to underdeveloped regions. To build high-quality infrastructure facilities that are on par with the finest in the nation, each development centre will get funding on the order of Rs. 25 crores to Rs. 30 crores. These development centres are not permitted to be situated within a radius of 50 kilometres from cities with a population of more than 25 lakhs, a radius of 30 kilometres from cities with a population of 15 lakhs but less than 25 lakhs, and a radius of 15 kilometres from cities with a population of 7.5 lakh but less than 15 lakh[5], [6].

### **National Economy's Function**

Since the Industrial Policy Resolution of 1956, which conceptualised and outlined the fundamental principles behind our industrial strategies, over 30 years have passed. Planning aimed to achieve certain socio-economic goals, such as regional growth distribution, preventing monopolies, and concentrating economic power, in addition to increasing growth of production and employment. As part of a "mixed economy," the public sector was expected to play a key role in directing and expediting the industrialization process. The goal of independence was reinforced by a programme to shield domestic business from international competition.

These initiatives have had considerable results in numerous ways. Over the last three decades, the industrial base has undergone a significant diversification, resulting in the capacity to create a very wide variety of industrial goods. The basic and capital goods sectors, which today make up as much as half of the value added in manufacturing, have substantially increased their level of self reliance. Indigenous capabilities have been built up to the point of virtual self-sufficiency, allowing for future growth to be based largely on indigenous technology in a number of different industries, including mining, irrigation, electricity, transport, and communication.

In 1985, industrial output was six times more than it was in 1951. Industry's contribution to the Gross Domestic Product climbed from 12.4% in 1956–1957 to 20.02% in 1985–1986. Particularly significant is the expansion of the registered manufacturing sector, whose

contribution to Net Domestic Production rose from 6.3% in 1956–1957 to 12.6% in 1985–1986 (New Series). Basic and capital goods industries garnered the majority of planners' attention throughout the post-independence era. As a consequence, the value-added by manufacturing sector's share of the basic and capital goods sectors increased from 38% in 1960–1961 to 49% in 1979–1980. The public sector has given the main impetus for the growth of heavy industry. The public sector has had a significant influence in determining the rate of growth in sectors as vital as electricity, railroads, coal, petroleum, steel, and fertilisers.

Numerous factors have contributed to industrialization's role in quickening the rate of agricultural expansion. For the modernisation of agriculture, industries have produced fertilisers, pesticides, agricultural equipment, better tools, etc. In 1952–1953, just 66,000 tonnes of chemical fertilisers were used; by 1987–1988, that number had risen to 9.01 tonnes. Food was once the most significant wage product, but it has raised demand for other wage items. A more favourable market for agricultural goods has emerged as a consequence. Additionally, industrialization expands the variety of consumer products that are accessible to agricultural workers, increases their degree of desire, and motivates them to work harder and more productively. Industrialization has facilitated the reorganisation of agriculture on a large-scale, mechanised, efficiency-oriented basis, which has greatly favoured the development of agricultural production.

India's overseas trade pattern has evolved as a result of industrialization. The nation steadily transitioned from being a big importer of raw materials to a significant exporter of manufactured or completed goods. A variety of manufactured goods have been added to the export basket as a result of the industrialization process, which opened up new avenues for export diversification. From Rs. 13.4 crores in 1960–1961 to Rs. 875 crores in 1986–1987, exports of engineering items increased. From 5.4 crores in 1960–1961 to 475 crores in 1986–1987, exports of chemicals and related goods grew. These two commodity groupings' combined export proportion was barely 1.8% in 1960–1961 but climbed to 10.7% in 1986–1987.

The most significant effect of industrialisation is the radical transformation of the populace's social viewpoint. In the industrial society, the strict caste distinctions have lost their relevance. The whole viewpoint of modern industrial employees towards life has altered as a result of improved opportunities for advancement, increased incomes, and new progressive ideals. Capital creation has surged and a new entrepreneurial class has emerged. New technical advances and abilities have been developed. All of these changes have a significant impact on interpersonal interactions, and they really herald the emergence of a modern, dynamic society. The industrialization process has promoted entrepreneurship as well as the growth of technical, managerial, and operational capabilities. India today has one of the greatest pools of trained labour in the developing world thanks to a less obvious but crucial investment in knowledge and know-how. For the establishment of industrial ventures overseas, the nation may now provide consulting services as well as managers, technicians, and experienced personnel.

Despite several successes, the industrial sector, especially large-scale enterprises, still lacks a dominant position in the Indian economy. Only roughly 12% of India's Net Domestic Product is now contributed by registered manufacturing (at current prices). In 1960–1961, the equivalent contribution was 8%. India's contribution to the industrial output of the third world (excluding China) decreased from 13% in 1963 to just 8.27% in 1983. Additionally, the structural change of the Indian economy has been significantly less than that of the other top semi-industrial nations due to the relatively moderate long-term development rate of the Indian economy. Only 18% of

India's GDP in 1980 was made up of manufacturing, compared to 28% in the Republic of Korea, 27% in Brazil, and 24% in Mexico.

Large-scale industries do not play a significant role in the country's employment profile. In March 1985, there were 61.8 lakhs of people working in the organised manufacturing industry, which represented 25% of all organised sector employment and just 3% of all organised and decentralised sector employment[7], [8].

### **Large-Scale Industries' Issues**

On the eve of Independence, India's industrial structure was mostly agro-based; now, it is quite broad-based and capable of generating a variety of technically difficult and sophisticated industrial products. This is shown by the evolution of the industrial economy covered in the previous sections. However, there are several issues that large-scale enterprises have encountered throughout time that need for proper, prompt treatment. The issues are listed below:

#### **Utilisation of Capacity Too Little**

Numerous sectors experience severe under-utilization of available capacity. Apparently, R.H. Patel, capacity utilisation in the manufacturing sector fell from 85.2% in 1970 to 73.1% in 1975, and it was almost constant in 1980 (73.2%). The capacity utilisation rate increased to 78.8 percent in 1985 after modest improvement since 1981. The capacity utilisation rate was projected to be 79.1% in 1986. Rourkela Steel Plant's capacity utilisation was 64%, Indian Iron and Steel Company's was 62%, and less than 50% was used by Bharat Aluminium, Hindustan Zinc, Pyrites, FFP, REC, HMTP, MAMC, and a number of smaller units. The reasons of this situation are many and include technical issues, a lack of raw materials, frequent power outages, governmental regulations, the demand factor, etc. Due to the capital-intensive nature of the majority of these businesses, underutilization of capacity entails blatant waste of valuable capital resources.

#### **Outdated equipment and technology**

Numerous large-scale industries, especially dated ones like cotton textiles, still employ antiquated equipment and outdated technologies. Their marketing and manufacturing are hampered as a result. There have been issues on this count with export as well. This component plays a significant role in the sickness of many industrial units, or units that suffer losses. Industries that produce capital goods are likewise hampered by outmoded technology. The answer is to modernise these sectors by creating and using cutting-edge technologies.

#### **Industrial Relations that Need Improvement**

The labor-management relationship is far from acceptable in large-scale businesses. It is clear from the significant loss of labour caused by strikes, lockouts, etc., as well as the ensuing reduction in output, surpluses, etc. By intervening in both public and private sector endeavours, these links need to be repaired.

There were 1071 work stoppages in total in 1951, affecting 6.91 lakh employees and costing 39.2 lakh man days. The frequency of work stoppages increased significantly as huge companies in emerging nations' backward regions were focused on meeting those nations' needs while neglecting those of developing nations. Urgent action is required to take effective measures to stop this trend.

### **Arrangements with Cottage and Small Industries**

The government's stance on significant private sector industries has not been clear. The remainder was considered as intended for large-scale industry in the private sector after the areas for the public sector and small businesses were designated. Even this approach lacked consistency and certainty. For instance, the items designated for small or cottage enterprises have often modified or substantially expanded without considering the effects on major industries. These reserves for the small/cottage sector are often driven more by other factors than economic efficiency, such as employment, the disposal of industries, etc. If these sectors are to thrive on a safe foundation, these relationships and the corresponding positions must be based on some kind of logical scientific basis.

### **Extension in Important Areas**

The development of large-scale industry has been impeded in recent years by inadequate electricity, transportation, etc. These will limit the economy's potential future development unless they are rapidly developed. Therefore, it is essential to accelerate investment in this area. The industries producing wage-goods are another crucial sector. Wage-goods are in low supply, which has led to a number of issues with both their availability and cost. While the output of air conditioning and refrigeration facilities has seen significant improvements. The production of commodities for mass consumption, such as household refrigerators, man-made fibres, beverages, commercial and office equipment, etc., has expanded at a fairly modest pace. This has limited both the economy's potential for future growth and the ability of various businesses to create jobs. In order to address this, there is a need for more growth in the crucial sectors of infrastructure and wage-goods.

India's industrial sector has advanced quickly during the planned period. from a position of complete reliance on imports to meet her need for manufactured goods. India has made remarkable progress towards its goal of self-sufficiency. The total growth rate has fluctuated between 6% per year to 7% annually. Industries that produce consumer durables, capital goods, and basic products are all reported to increase at rates that are much faster than the overall rate of growth. the founding and rapid growth of sectors like steel, cement, engineering, and petroleum. Chemicals, fertilisers, etc., improve the economy's capacity for supply. There are many different types of industries, including ones that are brand-new and developing in the most developed nations, such petrochemicals, electronics, synthetics, computers, etc. Numerous industries generate items for domestic and international markets. India currently exports a considerable amount of technology in addition to producing and exporting many other sorts of capital goods. Additionally, industries and agriculture have developed a number of important connections. A range of management and operational abilities, as well as entrepreneurship, have all benefited from the industrial expansion. India is presently one of the nations with the greatest pool of skilled labour in the world because to this enormous and expanding body of knowledge and expertise[9], [10].

The performance of India in terms of the quality, scope, and depth of industrial growth has been outstanding. However, the large-scale industries' standing in terms of quantity is not good. The overall production, employment, and capital employed are all still rather little. To give financial and technical support for the development and growth of industries, several financial institutions have been formed. Numerous sectors experience severe under-utilization of capacity. Industrial illness is becoming more prevalent in a variety of manufacturing businesses, which is a

frustrating issue. The uneven distribution of organised industry throughout the States is an important feature as well. Labour and management relations are not at all good. The formation of monopolistic power in the case of large-scale enterprises in the private sector is a major topic of concern. In the crucial sectors of infrastructure and wage-goods, these businesses still need more growth. To hasten the pace of economic growth, these issues must get prompt and sufficient attention.

### CONCLUSION

This assesses how global trends and international organisations have affected the growth of the public sector. The objectives and procedures of public sector development in both developed and developing nations are examined in relation to international cooperation, development aid, and the Sustainable Development Goals. This wraps up by discussing the public sector's prospects for the future and possible routes for growth. In order to meet changing difficulties and take advantage of possibilities brought about by technology breakthroughs and shifting social requirements, it emphasises the need for constant innovation, flexible governance structures, and more transparency. This article seeks to enlighten policymakers, scholars, and stakeholders on the historical backdrop, current difficulties, and future trajectories of public sector institutions by providing a thorough analysis of the history of the public sector. It adds to the current discussion on effective governance, public administration, and policy execution and serves as a roadmap for attempts to create strong and responsive public sectors that are equipped to handle the complex issues of the twenty-first century.

### REFERENCES:

- [1] H. Al-Kharusi, S. Miskon, and M. Bahari, "Enterprise architecture development approach in the public sector," *Int. J. Enterp. Inf. Syst.*, 2018.
- [2] I. Makarenko, D. Bychenko, S. Makarenko, and G. Qasimova, "Environmental responsibility mechanism development in the public sector of the economy," *Environ. Econ.*, 2018.
- [3] V. S. Salum, S. M. Kinemo, M. D. Kwayu, and Z. K. Khamis, "Strategic Issues Affecting Training and Development in Tanzania's Public Sector: Evidence from Selected Local Government Authorities," *J. Public Adm. Gov.*, 2018.
- [4] S. A. A. de Freitas, E. D. Canedo, R. C. S. Felisdório, and H. A. T. Leão, "Analysis of the risk management process on the development of the public sector information technology master plan," *Inf.*, 2018.
- [5] H. Khalid, A. Noor, J. Iqbal, S. Farid, and V. Chang, "Development of public sector information management systems: challenges and promising practices," *Inf. Discov. Deliv.*, 2018.
- [6] A. Avdic, "Second Order interactive end user development appropriation in the public sector: Application development using spreadsheet programs," *J. Organ. End User Comput.*, 2018.
- [7] P. Bejakovic, "Working Together: Integration, Institutions and the Sustainable Development Goals, World Public Sector Report 2018," *Public Sect. Econ.*, 2018.

- [8] A. Alińska, B. Z. Filipiak, and A. Kosztowniak, “The importance of the public sector in sustainable development in Poland,” *Sustain.*, 2018.
- [9] K. J. Jinju and S. Vijayan, “A Study on Significance of Training and Development in Public Sector Organization with Reference to Managerial Employees of BSNL,” *Int. J. Pure Appl. Math.*, 2018.
- [10] D. G. Carnevale, *Organizational development in the public sector*. 2018.



## CHAPTER 17

### INDUSTRIAL DEVELOPMENT ROLE IN NATIONAL ECONOMY

---

Mr. Avanish Kumar Singh, Assistant Professor, Maharishi School of Commerce & Management,  
Maharishi University of Information Technology, Uttar Pradesh, India  
Email Id- [avanish.singh@muit.in](mailto:avanish.singh@muit.in)

#### **ABSTRACT:**

The primary engine of economic expansion and social advancement in national economies has long been acknowledged as industrial development. The varied impact that industrial growth has had in influencing the economic environment, encouraging innovation, creating jobs, and advancing overall national development is thoroughly examined in this abstract. The review starts out by outlining the essential components of industrial growth and its historical importance as a force for economic change. It emphasises the significant contribution of manufacturing sectors, technological breakthroughs, and infrastructural growth to the industrialisation process. The abstract illustrates the positive relationship between industrial expansion and economic success in different countries using historical data and empirical investigations. We have spoken about how small-scale and cottage industries contribute to growth in this section. With the aid of the data at hand, the sector's current position in the Indian economy has been discussed. Review of the Five Year Plans' progress has been conducted. We now know that the government makes steps to safeguard citizens via licencing and institutional frameworks that support and assist facilities for skill-formation. technological advancement, preference for certain purchases, loans, and other infrastructure improvements, as well as certain budgetary measures Commercial banks and financial institutions provide financing for both working capital and the acquisition of fixed assets. We have seen that the products in this area are increasingly well received in international markets and are used as auxiliary goods by large-scale enterprises.

#### **KEYWORDS:**

Development, Economic, Enterprise, Industrial, Labour, Productivity.

#### **INTRODUCTION**

It is obvious from our examination of industrial growth in the unit before that the development of industries is essential for a country with a large agricultural economy like India. The three categories of industries large-scale, small-scale, and cottage are being prioritised as the nation becomes more industrialised. Extra efforts are also being made to encourage all small size enterprises for specific reasons. This unit will be dedicated to an evaluation of the post-independence era research advancements achieved by these businesses. We also consider the advantages and disadvantages of these industries receiving special treatment under this criterion, which has been used in India since 1960 and modified in 1966, 1975, and 1980. Under this criterion, any industrial unit with a capital investment of less than Rs. 35 lakhs is classified as a small-scale unit. The limitation on capital investment is greater for auxiliary units (i.e., those that sell parts, etc. to large-scale enterprises) at Rs. 45 lakhs. It was decided in 1982 that all service-oriented businesses would also be eligible to register as small-scale businesses as long as they were located in rural areas or towns with a population of no more than 5 lakh people, with a \$2 lakh investment cap on plant machinery. Additionally, a small sector has been defined. Currently, this encompasses industrial facilities with fixed capital expenditures of less Rs. 2 lakh.

Due to meeting the aforementioned capital investment criteria, industrial units that fall under the category of small-scale and cottage industries are a mix of different sorts, ranging from traditional domestic industries to "modernised small-scale units." In general, we may categorise them into two groups.

### **Small-scale Industries of Today**

This group differentiates from large-scale enterprises primarily in terms of production volume. Power-driven equipment is often used in these sectors. They use contemporary production techniques, pay their employees a salary, produce for a wider market, or if auxiliary businesses, sell to major companies. They also have a fixed work schedule. The money needed is provided by the business owner, via partnerships, in part by financing organisations established for this purpose, etc. This category comprises the artisanal workshops that do tasks like mending different tools, equipment, cars, etc[1], [2].

### **Conventional businesses**

These are based on conventional abilities and methods. They are organised by people with private resources, with assistance from family members, and are pursued as a full- or part-time vocation. The equipment utilised is simple, and the capital expenditure is little. These sectors often rely on regional assets and labour. Each industrial unit's production is typically sold on the local market. The majority of cottage enterprises are located in small towns. Due to the fact that they are arranged with the aid of home members, these businesses are also known as domestic industries. Two further categories may be made up of cottage industries:

Handicrafts include activities like carving wood and ivory, manufacturing carpets, working with metal, and other activities that require a high level of ability. Village and domestic industries that primarily employ hand labour or basic hand tools to produce everyday items and other utilitarian commodities (pottery, leather goods, hand-woven fabrics, silk materials, etc.). These small-town businesses depend heavily on workers. The Development Commissioner for Small Scale Industries has authority over the contemporary small-scale sector. The Khadi and Village Industries Commission has control over the majority of village industries. The All India Handicrafts Board has jurisdiction over the handicrafts sector.

## **The National Economy's Impact of Cottage and Small-Scale Industries**

### **Development Role**

These sectors of the economy have a significant role in the country. Despite this, debate has raged about both their current and future status as well as where they fit within the country's growth profile. We should examine the arguments made by proponents and opponents of these sectors in order to acquire the right viewpoint.

### **Creation of Jobs**

large-scale, capital-intensive enterprises, particularly heavy industry and infrastructure. In contrast, small-scale enterprises tend to be labor-intensive. They thus have a far larger employment potential than large-scale enterprises. Due to the abundance of manpower and scarcity of money in India. The best justification for supporting cottage businesses and small-scale industry in India is the one based on employment. It is also noted that these industries may be formed anywhere and anyplace in the nation from the perspective of employment.

Additionally, they may be placed just outside the employees' homes, who live mostly in villages. These employees are able to mix industrial and agricultural employment. In many sectors, work may be started and stopped as needed. This will significantly reduce seasonal unemployment. Thus, via the use of these industries, it is possible to provide employment for the employed, more work for the underemployed, and more job for the seasonal unemployed.

### **Equitable Disbursement**

Large-scale enterprises often advertise monopolistic patterns and uneven income distribution. Small businesses, in contrast, often result in a scenario where there is a more fair distribution of revenue.

This is made possible by the following three factors: ownership of small-scale industries is more common than that of large-scale industries; they have a much higher potential for creating jobs than large-scale industries; and they can be established anywhere in the nation. These human-centered sectors let a large population of people make a living and participate in the benefits of economic growth. These people's only options in their absence would be to stay jobless or look for even less lucrative employment.

### **Investment Formation**

The enormous number of entrepreneurs dispersed throughout the cities and villages of the nation cannot be used by big-scale companies. They are unable to mobilise the funds of residents who live distant from the metropolitan core. The establishment of a network of small-scale and cottage enterprises may successfully complete these duties. The small-scale and cottage businesses may also make good use of several other resources dispersed across the nation. A significant portion of the most recent resources available in the economy may be mobilised for the goal of industrial growth if the required financing, power, and technical expertise are available. Additionally, as and when minor businesses begin receiving services similar to those offered to large-scale industries in terms of financing, raw materials, transport, marketing, etc., the labour productivity will rise and these industries will produce surpluses at a rising pace[3], [4].

### **Decentralization**

In the previous unit, it was noted that the development tendency of huge concentration of large-scale industries was being discussed in relation to the expansion of large-scale industries. It was noticeable in the states of Maharashtra, West Bengal, Gujarat, and Tamil Nadu. Large industry expansion has also tended to concentrate in a small number of major cities, such as Bombay, Ahmedabad, Nagpur, Calcutta, etc. A country's security is at risk because of the negative effects of having so many industries concentrated in a small number of locations, including the overcrowding of cities, air pollution that is harmful to health and productivity, other social ills brought on by the overpopulation of cities, etc. Therefore, it is crucial to disperse industries around the nation. Small-scale businesses may readily be spread around the states. These enterprises will lessen the disparity between regions and between urban and rural areas in addition to employing local resources. These businesses will ease tensions between residents of various states and promote national integration by giving people jobs and incomes throughout the nation.

### **Commercial Calm**

Industrial conflicts are more common in large-scale companies than in small-scale enterprises. Strikes and lockouts are commonplace in these sectors. Small-scale enterprises, however, are not subject to these risks, which results in less production loss. Small-scale industry employees are not organised and without a means of venting their dissatisfaction. Since family labour makes up the majority of the workforce in cottage enterprises, the issue of conflicts doesn't even come up.

### **Purchased Goods**

Heavy industry focus requires significant capital investment, which leaves limited room for significant consumer products businesses. In addition, the industries producing capital goods take a while to develop. Without a matching rise in commodities over the long period of time, revenue is created. Additionally, the products produced by these businesses are producer goods that can only contribute to the manufacture of consumer goods much later. Consumer products must be raised in the interim to keep pace with expanding revenue in the contemporary manufacturing sector. If this is not done, prices will increase, which will increase the cost of manufacturing. Small-scale and cottage enterprises are capable of generating the essentials and may be established with little capital and local resources. consumer items in a short amount of time. Small-scale and cottage industries are given a lot of attention in India's industrialization plan, which is predicated on favouring large enterprises.

### **Foreign Currency**

Small-scale and cottage enterprises practically never put a strain on the balance of payments since they don't need a lot of foreign currency resources to get started. Additionally, through increasing exports, these businesses may help the nation's foreign currency reserves. Small-scale and cottage industries made up roughly 39% of India's overall export revenue in 1984–1985.

### **Social and political advantages**

Small-scale and cottage enterprises may aid in reawakening the people's strong latent powers for application in positive endeavours. The tangible activities carried out by these businesses may be used to support the freedom of labour, self-reliance, self-confidence, excitement for achievement, and other such attributes of a healthy country. These businesses aid in preserving the artisanal craft that has been passed down through the generations, which would otherwise deteriorate and vanish. The mechanical, boring, and robot-like existence associated with large industrial units will be spared from a great number of individuals. As a result, small-scale and cottage industries are crucial to India's economic growth. They enable the efficient mobilisation of resources of capital and talent that could otherwise go unused, they provide a technique of assuring a more equal distribution of national revenue, and they offer instant large-scale employment. By establishing local industrial hubs around the nation, some of the issues that unplanned urbanisation tends to produce may be avoided[5], [6].

### **Place in the Economy**

The value of output in small scale enterprises was estimated to be Rs. 85,700 crores in 1988-89, as opposed to Rs. 12,400 crores in 1976-77 (at current prices), according to the most recent estimate (Economic Survey 1988-89). By 1987–1988, there were 15.92 lakhs small scale units, up from 5.86 lakhs in 1976–1977. The number of people employed in this industry rose from 55

lakhs to 107 lakhs within the same time period. These sectors account for almost 50% of the manufacturing sector's overall output. In comparison to the growth rates in the medium and large scale sectors, the production growth rate in the small-scale sector has been much greater.

The highest number of individuals are employed in small-scale and cottage industries, second only to agriculture. In 1984–1985, these industries employed around 3.15 million people. This accounts for nearly 80% of all industrial jobs. There already is gradual diversification in this industry. The industry, which began with basic consumer items like soap, detergents, and leather goods, has now expanded into numerous complex disciplines including microprocessors, mini-computers, electronic gadgets & watches, colour TV, and electronic devices. Significant efforts have been undertaken recently to advance technological advancement and diversity.

These sectors also generate the vitally important foreign currency for the nation. These profits are significant. A portion of around 29% of all direct exports from the nation in 1986–1987 came from the small-scale industry, with exports totaling Rs. 3648 crores. The majority of these products are produced using local resources and labour. As a result, they do not rely on outside resources. Their products mostly serve domestic and local markets. These industries are broadly spread out. These may be found strewn across the nation in both rural and urban areas. Small-scale and cottage enterprises are crucial to the economy of the nation.

### **Advancement During the Plans**

India has given small-scale and cottage businesses a special place in the nation's growth. The Industrial Policy Resolution of 1956 proposed the following solutions to address the issues faced by small-scale companies as they developed as support systems for large-scale industries: Decentralisation of industry growth is necessary. Small-scale business owners should get constructive support in order for them to increase production. The craftsmen and craftspeople have to be organised along cooperative lines. As a result, the government has implemented the following policies in an effort to promote the growth of cottage and small-scale industries:

Licensing and reservation government systems provide protection. has implemented a licensing mechanism to prevent huge enterprises from growing excessively. Additionally, the government has a policy of reserving some goods for small-scale manufacture only. Most of them are in sectors with the most potential for employment and development. The programme also aims for efficiency in this industry by reserving goods for which small-scale, efficient manufacturing can be guaranteed. At the end of January 1989, there were 835 products overall allocated for exclusive manufacturing in the small-scale sector[7], [8].

### **Institutional Set-Ups**

Govt. has established a variety of entities to provide these sectors the majority of the financial support and assistance. different institutions come in a variety of forms and provide a range of facilities to cater to the unique and varying demands of different sectors. This has made the growth of these sectors a continuous process. Several of the significant organisations include:

The National Small Businesses Corporation;

Organisation for the Development of Small Businesses

1. District businesses and centres;
2. State-owned financial institutions

3. The Board for All India Handicrafts;
4. The Board for Coir;
5. Central Silk Board
6. The Commission for Khadi and Village Industries
7. Boards for the State's Khadi and Village Industries; etc.

These organisations together provide a kind of infrastructure for promoting these sectors. Small Industries Development Corporations of the States have offered marketing support. Additionally, regional training centres have been set up.

### **Increasing Technology and Skill**

Government infrastructure needs to be improved. provides facilities for skill development and technical advancement. A large institutional support network has been created with this goal in mind. These include offering training, common facility services, consulting services, entrepreneurial training, etc. Measures are also taken to develop and spread technologies that can better utilise the region's abundant resources, replace scarce and imported raw materials with readily available alternatives, and develop straightforward procedures that will lessen the workers' toil and fatigue. Additionally, efforts are undertaken to create various prototypes and transfer them to small-scale production facilities for commercial use.

### **Preference for Purchase**

The government has also followed a strategy of giving the small scale industry priority when making purchases. 409 products have been designated for exclusive purchase from small businesses under the government shops purchasing scheme, while 3 items are designated for purchases up to 75% and 28 items for purchases up to 50%.

### **Facilitating Activities**

The minor units are given land on simple conditions. These orders from government agencies and offices are processed with assistance. The import of several essential raw materials for them has been liberalised. The process for acquiring an import licence has been streamlined and several procedures have been eliminated. Manufacturers of intermediate goods are free from paying duties when such goods are employed in the creation of exports. Small-scale firms may acquire equipment on a hire-purchase basis with favourable conditions. Services are available for small unit product promotion.

### **Credit Resources**

Numerous organisations, including commercial banks, cooperative banks, regional rural banks, state finance corporations, and the Industrial Development Bank of India, provide these enterprises credit facilities on lenient conditions for the acquisition of fixed assets and working capital. A large portion of the credit has concessional interest. These sectors are also a part of the lending priority list for commercial banks. The Industrial Development Bank of India established a single window in May 1988 to finance working capital and fixed assets for micro and small-scale businesses. In 1987–88, a National Equity Fund was established with the goal of paying particular attention to the requirements of the smaller of the small scale businesses. The programme offers support in the form of soft loans to qualified small and microbusinesses with project costs under Rs. 5 lakh and establishments in towns or villages with populations under Rs.

5 lakh. Although the quantity of amenities offered to small businesses may seem remarkable, there have been certain restrictions that must be highlighted. In general, both the scope and quality of technical support are constrained. Frequently, raw material supply fall short of requirements or demand. In recent years, the provision of machinery via hire-purchase has not been sufficient. The term "marketing strategy" is exclusively used here [4], [9].

The majority of small-scale enterprises' bigger units have benefited from institutional financing the most. Small and artisanal entities have made relatively little progress. As a result, very tiny units have been forced to rely heavily on intermediaries for the provision of their inputs and marketing channels. The policy must be completely implemented in light of the aforementioned flaws in order to make the units effective, viable, and independent.

As can be seen from Table 1, these industries experienced significant growth throughout the Fifth and Sixth Five Year Plans. According to this figure, output in small- and cottage-scale industries climbed from Rs 13,600 crores in 1973–74 to Rs 33,538 crores in 1979–80 and then to Rs 65, 730 crores in 1984–85. Over the same time period, exports considerably grew from Rs. 852 crores to Rs. 4558 crores. The number of people employed climbed from 76 lakh in 1973–74 to 234 lakh in 1979–90, and then to 315 lakh in 1984–85. This accounts for nearly 80% of all industrial jobs in the manufacturing sector.

Under the Ministry of Micro, Small and Medium Enterprises (MSME), the Khadi and Coir sector is included in the micro, small, and medium industries covered by the Village & Small Enterprises Division. This Division also includes the Ministry of Textiles' Handloom and Handicraft sector and the Ministry of Food Processing Industries' Food Processing sector. Following a thorough analysis and debate with the Ministries/Departments, this Division finalised the schematic Annual Plan outlay for the fiscal year 2013–2014. It participated in a number of State Annual Plan meetings as well as other significant Ministries/Departments meetings. The technoeconomic perspective of the EFC/SFC notes was studied, and recommendations were provided for insertion into the EFC/SFC note.

The requirements of women, Scheduled Castes, Scheduled Tribes, minorities, etc. were taken into consideration while examining the developmental schemes/programs being implemented in the VSE Sector by different Ministries. To boost the MSME sector, a new scheme called "Promotion of ICT Tools in MSME under NMCP" has received "In Principal" approval. In order to evaluate the impact of the PMEGP programme, which was put into place by the Ministry of MSME, an evaluation study on the programme was assigned to an independent consulting firm. The study also made recommendations for actions that would make the program's impact on job creation more obvious, and these recommendations were forwarded to the relevant Ministry for consideration. The KRDP's progress has been examined in order to determine how it would affect Khadi artisans' looms and boost competitiveness.

The establishment of a Centrally Sponsored Scheme (CSS) called the National Mission of Food Processing has been approved in order to place more focus on decentralised implementation and include the States. The mission will include many projects/schemes, including the Scheme for Technology Upgradation, the Scheme for Cold Chain, the Scheme for Modernising Abattoirs, etc. The Ministry of Food Processing Industries (MFPI) is carrying it out. Additionally, MFPI is putting Mega Food Park, a significant project, into action. Major projects funded in 2013–14 that fall within the scope of the village and small business sector.

Centres for District Industries: The idea of District Industries Centres (DICs) was introduced in the industrial policy statement of December 1977. It was envisioned that an organisation known as the District Industries Centre would be established in each district with the primary purpose of providing and organising a package of support and facilities for credit guidance, raw materials, training, marketing, etc., as well as the necessary assistance to unemployed educated young entrepreneurs in general and custom services. The "nucleus industry" initiative was also started by the government, with the intention of focusing on the establishment of a core unit around which a nucleus of tiny units may form in each region that had previously been devoid of industrial activity. The core units were required to transfer at least 50% of the whole production programme to ancillaries that would be built in the region. There are now 397 DICs active throughout the nation. Except for Bombay, Calcutta, Delhi, and Madras, they encompass 410 of the country's 415 districts.

A budget of Rs. 2753 crores was preserved in the seventh plan for cottage and small-scale businesses. Production is anticipated to rise from Rs. 65730 Crores in 1984–85 to Rs. 100,100 Crores in 1989–90, while exports are anticipated to rise from Rs. The goal is to boost employment from 315 million in 1984–1985 to 400 million in 1989–1990. This brief analysis demonstrates the amazing increase that small-scale and cottage businesses have had in the post-independence era, notably during the last 15 years or more. Arun Ghosh evaluates government policies regarding small-scale industries and discovers that while similar efforts to support village industries have not been as successful, a significant amount of government support has historically been directed with some success towards modern small-scale industries. Even while the units, investments, and production of the contemporary small-scale sector have grown phenomenally, this development has been concentrated in a limited number of big cities and towns, and just a small number of these units account for a significant portion of the sector's overall output.

Generally speaking, a limited fraction of small-scale units have received institutional credit. Significant underutilization and illness are present in the small-scale industry. The traditional crafts and rural industries in the unorganised sector do not exhibit the same high overall growth rate as the contemporary small-sector. In any event, traditional village industries have not received a considerable amount of assistance in the form of raw material supply, cheap finance, or marketing. As a consequence, despite the fact that employment in the contemporary small-scale industry has been increasing, it is utterly insufficient to address the issues related to rural unemployment. The job chances in small-scale industry have increased significantly in metropolitan regions, a few other big towns, and some places, even in urban areas.

### **Finance**

Small-scale and cottage enterprises need financing for fixed assets and working capital, just as large-scale industries do. Both of their traditional and contemporary origins are significant. These sectors do, however, have certain particular challenges. We outline their financial resources and challenges.

### **Classical Sources**

Indigenous bankers and moneylenders: Rural regions are dominated by moneylenders, and to some extent, metropolitan areas as well. However, local bankers play a significant role in funding small businesses in metropolitan areas. These sources provide significant financial



support. These sources are crucial since they often and efficiently assist these businesses when they need them most. However, the funding from these sources hasn't done much to ensure that money is used appropriately or to encourage beneficial activity. Additionally, interest rates have been quite high. The terms of repayment are quite strict. New and risky businesses seldom get funding from their sources.

## **Current sources**

### **Business banks**

Mostly short-term credit is offered by banks. Additionally, they have aided in the construction of industrial parks. The government developed regional rural banks to satisfy the credit requirements of the village industries and craftspeople since these banks operate mostly in metropolitan areas. End of June 1987 saw the establishment of 1988 Regional Rural Banks, which serve the 34th district of the nation.

### **Institutions of finance**

The State Finance Corporations were established to provide long-term financing to small and medium-sized industrial undertakings that are structured as cooperatives, partnerships, or proprietary businesses. They offer assistance in the following ways: Granting loans and advancing industrial concerns for a maximum of 20 years; Subscribing to debentures repayable within 20 years; and Guarantying loans obtained by the industrial concern from the market or from scheduled or cooperative banks and repayable within 20 years. guarantee of delayed payments for equipment, machinery, and other purchases made in India; Underwriting industrial enterprises' issuance of stocks, shares, bonds, and debentures.

The Indian Industrial Development Bank has a special focus in the small business community. It has been running a programme from the outset through which the small-scale industry obtains financial aid on conciliatory conditions. The IDBI also offers these business owners indirect financial support if they have a feasible concept and the necessary technical expertise but lack the necessary funding. The establishment of the Small enterprises Development Fund in May 1986 to support the growth and expansion of small enterprises is particularly significant. The IDBI developed a Single Window Scheme in May 1988 to finance working capital and fixed assets for small-scale businesses. With the help of this refinancing programme, State Financial Corporations and dual-purpose Small Industries Development Corporations may provide new small scale businesses with project costs under Rs. 5 lakhs both term loans for fixed assets and working capital via a single window. SFCs and SIDCs will now concurrently provide working capital loans up to Rs. 2.5 lakhs in addition to term loans for fixed assets.

The industries-cum-fund Corporation and the industrial Credit and Investment Corporation are two more national institutions that fund small businesses in India. There is also a self-employment programme in place. The maximum credit amount allowed under the plan is Rs. 35,000 for industrial projects. In addition to matriculants and above, beneficiaries of the amended plans for industrial and service undertakings will now include people who have graduated from Industrial Training Institutes. Banks approved 1.2 lakh cases totaling Rs. 259 crores over the years 1987–1988. Four States, namely West Bengal, Madhya Pradesh, Uttar Pradesh, and Punjab, accounted for almost 46% of the overall increase in small-scale enterprises[10], [11].

The lack of infrastructure facilities is one of the barriers preventing the industrialization of underdeveloped regions, thus the government has decided to establish 100 development centres around the nation over the next five years or so. Through proper infrastructural development, it is hoped that these growth hubs would operate as a gravitational core for drawing industries to underdeveloped regions. The growth centre will be near to the district, subdivision, block, tehsil, or other urban growth hubs. The development hubs will have access to the greatest infrastructure that the nation has to offer. To build high-quality infrastructural facilities, such as proximity to or access to rail-heads, national or state highways, water supply, power, communication facilities, and educational and medical facilities, each growth centre would receive funding of the order of Rs. 25 crores to Rs. 30 crores.

### **Cottage and Small-Scale Industry Issues**

There is still room to expand output and productivity in the cottage and small-scale industries sector, which has been crucial to the growth of the economy. The products of this industry are becoming more widely acknowledged on the international market and as supporting components for the nation's large-scale manufacturing facilities. This industry is producing consumer goods that are becoming more and more complex. The following are some prominent ones that have restricted the expansion and development of this sector: A measure establishing an apex bank for small-scale enterprises was passed during the current parliamentary session (July-August 1989). This bank is designed to simplify and direct funding for small-scale businesses.

### **Location**

Reducing regional imbalances and disparities was asked for in the Industrial Policy Resolution of 1956. Therefore, it is crucial to spread industries around the nation. In addition to using local resources, these enterprises will lessen the disparity between urban and rural areas and across regions. These businesses will lessen conflict between residents of various states and encourage national integration by giving people jobs and money throughout the nation.

Inter-state differences in industrial development levels were highlighted by the Planning Commission in its updated draught of the Sixth Five Year Plan, although these differences seem to have decreased during the previous 15 years. One of the many strategies used in the various plans for the distribution of industries and balanced regional development is the promotion of cottage and small-scale enterprises. However, the sector of villages and small businesses has not yet succeeded in achieving this long-term goal. Power looms are among the current small enterprises that are not extensively scattered. The majority of them are located in developed States and inside these stars as well; the majority of the activity is focused in a small number of regions that are either big cities, developed urban clusters, or industrial complexes. According to Table 2, in 1997, around 40% of small-scale industries were found in four of the most industrially advanced States: Gujarat, Maharashtra, Tamil Nadu, and West Bengal. The proportion of these four States decreased to 32% between 1973 and 1985. However, only Madhya Pradesh, Uttar Pradesh, and Haryana have exhibited a discernible improvement in the relative share among the industrially backward States.

### **Monetary and Credit**

The greatest barrier to the growth of small scale enterprises is the lack of financing and credit. Cottage businesses are in a worse condition than usual in this respect. Due to their typical

partnership or single ownership, small industrial firms often have relatively weak capital bases. The artists and craftsmen operating small cottage enterprises either rely on the little capital they already have or steal credit from the Mahajans or the merchants who provide them with raw materials. Such financing is often acquired at an extremely high rate of interest, making it predatory in nature. Smaller businesses are in a little better position. Institutional financing is becoming more widely available very quickly. However, the need for medium- and long-term financing continues to be problematic. The commercial banks continue to place a high value on the "credit worthiness" standard. This has had a negative impact on their marketing and manufacturing efforts.

### **Availability of Raw Materials**

The units in this sector do not have access to sufficient or high-quality raw materials. Through stronger purchasing power and agreements, the rival mill industry is able to get materials of high quality at lower costs.

In contrast, the tiny sector, which is unable to purchase in bulk, is compelled to accept whatever amount is offered at exorbitant rates and of any quality. Small businesses often have delays in receiving raw materials. As a consequence, many sectors are unable to manufacture the necessary amounts of items in an affordable manner. When small industries are involved, the situation gets worse. For instance, in the handloom business, weavers rely on local dealers for their raw material needs. These marketers often provide cotton yarn in exchange for the weavers' exclusive sale of the finished fabric to them. The dealers acquire the ready-made clothing for cheap and sell them cotton yarn for high rates. As a result, traders are able to take advantage of them twice.

### **Older approaches and worse methods**

Many small-scale and cottage companies no longer use the machinery and other equipment that they formerly used. Small-scale and cottage industries in India have not yet adopted the modern methods and techniques that have revolutionised industrial manufacturing. Additionally, the small-scale businesses often don't give a damn about how people's tastes and fashions change. Therefore, small-scale enterprises urgently need to modernise and rationalise.

### **Issues with Marketing**

Small-scale and cottage companies nonetheless encounter a wide range of marketing-related issues.

These units often lack a marketing department, and as a result, the quality of their goods falls short of those produced by large-scale enterprises. As a result, they are at a competitive disadvantage when compared to large-scale units. Due to a lack of cash and financial resources, these units sometimes have to sell their goods at below-market rates since they lack an appropriate staying power. The time that artisans might spend on manufacturing is wasted on marketing. As a consequence, businesses are caught in a vicious cycle where poor marketing causes low pricing and time waste, which in turn causes less output and poor quality.

### **Utilisation of Capacity Too Little**

Recent years have seen a severe escalation in this issue. Despite efforts to mobilise the idle capabilities, the magnitudes of underused capacity often range from 45 to 60%.

## Sickness

One of the most significant issues that India's small-scale manufacturing entities are dealing with is the rising frequency of illness. As of the end of June 1987, there were 1,58,226 ill units overall in the portfolios of the scheduled commercial banks, totaling about Rs. 1542 crores in outstanding bank credits. These units make up 7.8% of all the units given bank credit, while 15.7% of all the credit given to this industry by banks is still outstanding.

## Other Issues

The small-scale industries also face a number of other issues, such as the disorganised nature of operations, limitations imposed by infrastructure, such as a lack of power, a lack of managerial and technical skill, a lack of knowledge of market conditions, the burden of local taxes, competition from large-scale industries, and a lack of research. Despite the many steps achieved in this direction, quality awareness has not yet reached the level that has been sought. Some of the fiscal strategies implemented unintentionally divided up the capacity into unprofitable businesses, impeding their easy transfer to the medium sector. This sector is at a disadvantage compared to the big sectors in both the local and international markets as a consequence of all these restrictions, which have led to an unbalanced cost structure.

## CONCLUSION

This industry produces more and more advanced goods. Some of the long-term goals outlined for this sector are, however, have not yet been met. Small-scale contemporary industries have not spread extensively. Smaller scale units have not sufficiently profited, in my opinion. We also have a good idea of the barriers to the expansion and development of this industry. Technology obsolescence, a lack of organised marketing channels, a lack of awareness of the market, a lack of financial availability, a lack of administrative and technical skills, and power outages are the main restrictions. Based on the discussion in this section, we may draw the conclusion that all of these restrictions have led to a cost structure that is unbalanced, which puts this sector at a disadvantage in comparison to major Industries on both the local and international markets. Growing incident illness is the outcome. Small and cottage businesses need to have their obstacles removed in order for them to contribute effectively to the growth of the nation. They also need to be made healthy, competitive, and sound. These industry issues have been well examined.

## REFERENCES:

- [1] J. Busch, T. J. Foxon, and P. G. Taylor, "Designing industrial strategy for a low carbon transformation," *Environ. Innov. Soc. Transitions*, 2018.
- [2] M. C. S. de Abreu and D. Ceglia, "On the implementation of a circular economy: The role of institutional capacity-building through industrial symbiosis," *Resour. Conserv. Recycl.*, 2018.
- [3] J. O. Jiboku and W. Akpan, "Sustaining global skills inequality? Skills development and skills protectionism in the Nigerian multinational corporate sector," *Africa Dev.*, 2018.
- [4] J. Tian, N. Zang, Y. Xu, and L. Chen, "Green development index of the Chinese national economic-technology development area," *Shengtai Xuebao*, 2018.

- [5] S. S. Nosova, S. A. Meshkov, P. V. Stroev, G. V. Meshkova, and A. S. Boyar-Sozonovitch, "Digital technologies as a new vector in the growth of innovativeness and competitiveness of industrial enterprises," *Int. J. Civ. Eng. Technol.*, 2018.
- [6] L. B. de Rezende, P. Blackwell, and M. Degaut, "Brazilian national defence policy: Foreign policy, national security, economic growth, and technological innovation," *Def. Secur. Anal.*, 2018.
- [7] I. Y. Gedgafova, Z. H. Shogentsukova, G. A. Efendieva, S. S. Sijajeva, and J. M. Mirzoeva, "The development of industrial infrastructure during the industrial modernization of Russia," *Int. J. Eng. Technol.*, 2018.
- [8] E. V. Pavlova, A. A. Silayeva, O. N. Borisova, I. G. Doronkina, and A. P. Sokolova, "Analysis of the world and Russian E-commerce market: Development trends and challenges," *Int. J. Eng. Technol.*, 2018.
- [9] N. A. Ashford and R. P. Hall, *Technology, Globalization, and Sustainable Development: Transforming the Industrial State, Revised Edition*. 2018.
- [10] Z. Lin, "Ecological urbanism in East Asia: A comparative assessment of two eco-cities in Japan and China," *Landsc. Urban Plan.*, 2018.
- [11] D. J. Webber, A. Healy, and G. Bristow, "Regional Growth Paths and Resilience: A European Analysis," *Econ. Geogr.*, 2018.

## CHAPTER 18

### A BRIEF STUDY ON CONCEPTUAL ASPECTS OF LABOUR STATISTICS

---

Dr. Sapan Asthana, Associate Professor, Maharishi School of Commerce & Management,  
 Maharishi University of Information Technology, Uttar Pradesh, India  
 Email Id- [dean.academics@muit.in](mailto:dean.academics@muit.in)

#### ABSTRACT:

The definition of "labour" is fairly broad and includes many different ideas. It includes all categories of employees involved in business, industry, trade, and agriculture. Since other types of employment are not organized and lack access to good statistics and data, an effort has been made to focus on industrial labour statistics in this article. Statistics on labour are mostly gathered to serve administrative purposes. In certain situations, employers or trade unions are required by law to provide this information; in other others, they are acquired as part of ordinary administrative tasks. It is unnecessary to emphasise the significance of accurate, full, and current labour data at a time when India is poised to undergo significant changes in the area of social and economic progress. The main goal is to improve the quality of life for the general public, the majority of whom work as primary producers or in plantations, mines, or other businesses. This calls for statistical information on his spending habits, working and housing situations, as well as his output earnings. Promoting social security measures is difficult without thorough data on the size and distribution of the total work force as well as salary information. It is crucial to make sure that the gaps in India's labour data collection and compilation are addressed as soon as feasible.

#### KEYWORDS:

Labour, Statistics, Trade, Unemployment, Welfare.

#### INTRODUCTION

Labour statistics are necessary to gauge the state of the labour market in a given region and to inform the government and business community of the actions that must be done to promote worker welfare. Labour Statistics may be defined as the gathering, presentation, analysis, and interpretation of data pertaining to different elements of work. Statistics may refer to statistical procedures as well as statistical data. When we talk about statistical data, we're talking about numerical summaries and quantitative features of objects. Measurement or counting may be used to describe these things. As a result, data relating to employment in mines will include the number of wage earners, salaried workers, foremen, and apprentices, as well as the average daily number of people working and their sex. The data that was gathered in this case is an illustration of statistical data. Any labour issue may be statistically approached within the general headings of the following four heads:

1. The first step in applying statistics to a problem is to gather data. The statistician's base materials for creation are numerical data. Information gathering is a critical activity. The data collection techniques are varied. The accuracy and dependability of the data determine whether the statistical result is legitimate. Data collection should be organised.

2. The data so gathered will often consist of a massive collection of facts numbering in the hundreds of thousands of figures. Data must have their irregularities ignored and their volume decreased in order to be properly understood, which necessitates some condensing. Condensation requires that the data is organised, classified, tabulated, and presented in the appropriate ways.
3. Statistical analysis is a technique for separating important facts from a large body of numerical data. Measures of dispersion, the identification of trends and patterns, and the calculation of Mean, Median, and Mode are some of the steps in this process. The application of simple mathematics is involved in what is essentially a mechanical operation.
4. The concluding stage or process of the statistical approaches is the interpretation of the numerous statistical constants gained via a process of statistical analysis. It entails a study of the processes used to develop conclusions and draw inferences. An example of an interpretation issue is the practise of estimating population parameters using sample statistics [1], [2].

### **Labour Statistics by Type**

It would be irrational to expect the national statistical agencies to lower the domestic value of the data in the sake of international comparison since labour statistics are collected mainly for national objectives. Any changes made with the intention of enhancing global comparability must also enhance the national usefulness of data. Regional Approach: While advanced nations' experience may be helpful, it is ultimately up to the affected countries to decide what specific measures should be done in light of their own situations in order to meet international standards. The Bureau of Labour Statistics in the United States gathers a significant amount of statistical data by voluntary cooperation, therefore there is no apparent need for legislative force. The previous three decades of experience in India have shown that volunteer approaches for collecting data are not effective. Most employers are still not well-organized and do not believe statistics are useful. The Industrial information Act was enacted in order to gather information about factories and workers since, at this time, legal enforcement is the only option to get accurate and comprehensive statistics.

### **Impact of Labour Statistics**

Recent years have seen a significant increase in the use of labour statistics and labour research for overall economic planning. They are thought to be important economic indicators. The significance of workforce data in a nation starting a planning process cannot be overstated. Without data, it would be impossible to frame labour regulations, organise production, execute social welfare initiatives, and other things. The appropriate role of labour statistics is to increase our understanding of the numerous facets of work and to provide clarity to concepts that would otherwise be imprecise and hazy. The information gathered for labour statistics is now in a state where comparisons and contrasts may be made with it. Certain facts could be worthless when considered in isolation unless they can be compared to comparable information from other locations or eras. As a result, it is possible to compare the information gathered on all aspects of work in India with that of other nations. The information gathered on all facets of work is significant. For instance, information on employment and labour force had become very crucial during the war due to the severe lack of workers and the resulting necessity for an efficient link between supply and demand for labour. Additionally, employment statistics are a crucial

component in practically all state and federal government policies. For instance, it is impossible to implement social security and full employment policies without thorough knowledge about the composition of the work force.

A statistical approach to any work area with a problem leads to not only its accurate description but also indicates Labour statistics provide our knowledge with more accurate facts than were previously accessible, which aids in the planning and creation of future policies along the lines that it is to be addressed. If a viable personnel strategy is to be implemented, a lot of data will need to be gathered and analysed. The only way for a personnel officer or labour officer to understand the hundreds, thousands, or even lakhs-strong labour force and learn about its members' wages via statistical analysis is to get familiar with it. Various occupations call for this kind of statistical analysis.

In a labour dispute, the employees are often represented by a union representative. A guy representing the employees learns about the working conditions, pay rates, frequency of lockouts, monthly earnings, and other issues in the industry where the conflict may occur via statistical data. Once again, in negotiation conferences, accurate evidence that has been skillfully gathered and honestly analysed may result in a swift and equitable resolution of the disputes[3], [4].

### **Application of Labour Statistics**

One of the most comprehensive areas of government statistics is workforce statistics. The International Labour Office (ILO) states that the following are included in labour statistics:

1. Major economic classification
  - (a) Classification of industries
  - (b) Classification by status
2. Labour force, employment, unemployment and under employment.
3. Wages, hours of work and labour, income.
4. Consumer Price Indices
5. Family Living Studies
6. International comparison of real wages
7. Social Security
8. Industrial injuries of occupational diseases
9. Industrial Disputes
10. Collective Agreements
11. Migration

These data are necessary to act as a gauge of the working conditions in a nation as well as the actions done by the government and companies to promote worker welfare. The nation's overall



employment statistics were gathered during the biennial population counts carried out in 1961, 1971, and 1981. Several employment data for the formal economy will be covered in this article.

## **DISCUSSION**

The Factories Act of 1948 mandates the collection of employment statistics in factories. The data was gathered through the factories' yearly reports, which were sent to the Chief Inspector of Factories. The Labour Bureau receives results from the Chief Inspector of Factories that classify the employees in his State by industry. The Indian Labour Year Book, which is published by the Labour Bureau, contains data that has been compiled on an all-India basis. The yearly reports submitted in accordance with the Factories Act include information about: The average number of employees, accounting for males, women, and children separately; days worked; the quantity of time worked; and intervals.

### **Work in the mines:**

According to statutory requirements, the Chief Inspector of Mines compiles annual statistics on the typical number of workers (including wage earners, salaried employees, foremen, and apprentices) employed in mines and quarries that are subject to the Mines Act and publishes them in his annual reports on the working of the Mines. These statistics for 1951 apply to the whole Indian union. According to the "minerals produced," the total number of people employed is categorised. The total number of people employed in each kind of mineral production is categorised by State. Additional categories include "surface," "underground," and "open-working" employees. 'Sex' is used to classify the last two groups. The Chief Inspector of Mines also publishes a monthly series of average daily employment figures in coal mines.

### **Plantation employment:**

The Ministry of Food and Agriculture's Directorate of Economics and Statistics compiles and publishes annual statistics on employment in plantations in publications titled "The Indian Tea Statistics," "The Indian Coffee Statistics," and "The Indian Rubber-Statistics." Individual estate returns are collected by the State Government. agencies. Total attendance over the course of a year is divided by the industry-standard number of 300 working days to get the average daily employment. Only tea estates in Assam may be used to determine the level of women's and children's work in plantations thanks to statistics that the Controller of Emigrant Labour publishes in his yearly reports. The Indian Labour Year Book also contains information on employment in "Post and Telegraphs," "Rails," "State Motor Transports," "Seamen," "Municipalities," "Building and Construction (CPWD)," and "Central Government Establishments."

### **Figures on unemployment**

In our nation, unemployment statistics are almost nonexistent. The registration of the jobless is not required by law. There is no unemployment insurance, and the trade unions, who may be another source for data on unemployment, have likewise made no moves in this direction. The series displaying the number of applications on Live Registers of Employment Exchanges at the end of each month is regarded to be a leading indication of the nation's unemployment condition in the lack of anything better. However, this series has the following flaws:

Except for those seeking employment with the Central Government that are not highly technical, professional, scientific, or administrative in character, registration is entirely optional. cannot be taken into account unless an Employment Exchange recommends them. Because of the distance between their homes and the Employment Exchange, the rural population is often underrepresented. While working at certain occupations, individuals looking for alternative employment are also permitted to register at employment exchanges. Many registered users fail to notify the Exchange after they successfully get a job[5], [6].

### **Figures on absenteeism**

According to statistics, absenteeism is determined by dividing the number of man-shifts lost by absence by the total number of man-shifts planned to work. The Bureau, various State Governments, and the office of the Inspector of Mines all keep and publish these data for a few key sectors at key centres. Statistics on absenteeism for certain sectors are also compiled by the Employers' Association of Northern India in Kanpur. However, there are differences in the approaches used by the various organisations. These figures are based on voluntary responses provided by a few chosen big businesses, with the exception of those that deal with absenteeism in Mines. The Chief Inspector of Mines compiles and publishes monthly absence data for all coal mine employees.

### **Information about Labour Turnover**

The amount that existing workers depart and new hires join a company in a certain time period is known as labour turnover. The percentage of employees who start working in a certain period of time compared to those who depart is one of the problem's two facets. Since 1950, there has been a monthly series of data on employee turnover for the cotton industry in Bombay. The Maharashtra government put this together.

### **Statistics about Labour Unions:**

The administration of the Indian Trade Unions Act, 1926, results in the collection of trade union statistics. According to this Act, registered trade unions must submit yearly reports, which state governments compile and send to the Indian government. Thus, the Government of India publishes the data obtained from the States each year in the form of a pamphlet. Many trade unions operate without being registered, and it is not required of all trade unions to register themselves under the Act. There are no statistics available on such unions. Additionally, a few of the registered trade unions fail to file returns. The number of trade unions registered under the Act, the number of unions that have submitted reports, and the membership of unions (classified according to sex) are all subject to statistics. Additionally, data are provided regarding:

1. The number of unions and their membership, broken down by state;
2. The number of unions and membership in each, broken down by industry and gender;
3. Distribution of unions based on size (membership) ,
4. Information regarding the registered trade unions' finances is included in the statutory returns that they submit.

### **Industrial Injury Statistics:**

The number of people (skilled or incapacitated) engaged in industrial or workplace accidents is the basis for injury statistics. The number of injuries is the total number of people who sustain

injuries as a consequence of accidents for statistical reasons. Such data is gathered in accordance with the Indian Dock Labourers' Act, Indian Railways Act, Mines Act, and Factories Act. There are two key injury measurements, namely. Frequency rate and severity rate, respectively. The frequency rate should, if possible, be calculated by dividing the total number of injuries (multiplied by 1,000,000) by the total number of hours worked by all covered individuals, and the severity rate should be calculated by dividing the total number of working days lost (multiplied by 2,000) by the total number of hours worked by all covered individuals[7], [8].

### **Industrial Conflict Statistics**

The Labour Bureau compiles statistics on industrial disputes based on information provided by the State Labour Departments. The Indian Labour Gazette publishes all India data once each month. These data are gathered via the employers' voluntary submission of returns, but official organisations are also used to track the incidence of conflicts and to gather more comprehensive information about them. These deal with labour conflicts (both strikes and lockouts) that cause work stoppages involving 10 or more employees in all employment sectors, such as mining, trade, transport, plantations, etc. The information on hand is about:

1. Number of conflicts
2. The total workforce engaged
3. The length of conflicts and
4. The total workforce affected.

All of this data is accessible for every State and every sector. The disagreements have also been divided into categories based on the reasons, such as pay and benefits, bonuses, personnel leaves, and work hours, etc.

### **Social Security and Labour Welfare Statistics**

The Labour Bureau publishes statistics pertaining to Social Security measures in the Labour Year Book and Indian Labour Statistics. The different labour laws, such as the Maternity Benefits Act, the Employees' Provident Fund Act, the Workmen's Compensation Act, and the Employees State Insurance Act. Statistics are available on a variety of topics, including the quantity of employees receiving benefits or pay, the value of the benefits provided, the rates at which they were provided, and the scope of the aforementioned Acts.

### **Payroll Statistics**

The two primary sources of statistical information on salaries are the U.S. The administration of numerous labour laws, such as the Factories Act, the Payment of Wages Act, etc., as well as the results of various committees or commissions and wage censuses undertaken by various state governments at various periods.

The government is responsible for gathering pay information. by conducting a thorough salary census including all industrial businesses in 1954, the of Bombay took the lead. In Bihar and U.P., similar surveys have been carried out. Madras, too. The Labour Bureau sometimes conducts wage investigations as well. The Labour Investigation Committee's (also known as the Rege Committee) findings provide salary figures for certain industrial centres. In addition to these sporadic surveys and commission reports, the Annual Report of the Working of Factories Act and the Annual Report of the Chief Inspector of Mines also provide useful statistical data

about pay. Statistics on salaries in the various sectors included by the yearly manufacturing census are also provided in the report. The reports made in accordance with the Payment of Wages Act also provide information on manufacturing employees' earnings. Only those who work in industries, including railroads, who get pay below Rs. 200 each period are covered by this Act. The word "wages" as used in this Act refers to any compensation that may be stated in monetary terms.

It excludes the cost of housing, the provision of water, electricity, and other services, as well as employers' contributions to pension and provident funds, among other things. The Act's requirements are now also applicable to other industries, such as mines, plantations, tramways, etc. The reports produced in accordance with this Act include data on average daily employment and total pay paid annually. The Directorate of Economics and Statistics developed a plan in 1960 for obtaining statistics on agricultural wages that were uniform and routine. The plan called for the monthly collection of wages data for various types of agricultural labour from each district, the consolidation of district returns at state headquarters, and the Directorate's compilation of the data for all of India. The data is made available in the "Indian Agricultural Wages Statistics." In addition, the Agricultural Labour Enquiry Committee gathered pay data from various regions of the nation[8], [9].

### **Labour Bureau Index of Factory Workers' Earnings**

The Labour Bureau began creating an All-India Index of salaries of Factory employees with the intention of studying the trends in the salaries of industrial employees. This yearly index was divided into the following three sections:

1. A state earnings index,
2. A sectoral index, and
3. A All-India Index.

Although it was originally published in 1953, the base year was 1939, and the Index numbers are accessible from the year 1944. The Labour Bureau gathered the earnings information required to generate this index in accordance with the payment of Wages Act. A new series of earnings index was calculated by moving the Earnings Index base to the year 1944, which is used as the basis for creating the Cost of Living Index, in order to enable comparisons between the Earnings Index and the Index of Cost of Living. By deflating the Earnings Index (1944 base) to account for changes in the cost of living, a series of actual earnings was compiled. Later, in order to compile a record of net profits, the base year of this index was changed to 1961. At the moment, 1984 is used as the reference year. The following formula is used to calculate the aforementioned index:

Statistics about several facets of industrial work are accessible in the hole. However, there are little data on workforce productivity. The Labour Bureau publishes information on the productivity of employees working in coal mines, expressed as production per man shift in tonnes for various worker classes. Other sectors likewise need the collection and publication of such data.

### **Previous Growth**

When India conducted its first national census in 1872, it is possible to say that labour statistics were born in India. This census included both the total number of people and the number of

people who were actively seeking employment. In 1916, the Indian government announced the creation of the Industrial Commission with the goal of advancing and enhancing the nation's statistical organisation. A Director of Commercial and Industrial Intelligence was suggested by the Industrial Commission to handle

1. Statistics on international commerce Production and industry statistics, as well as,
2. Trade statistics, including data on India and other nations, tariffs, and industrial strategy.

It is disheartening to learn that technological issues prevented the Government from implementing the commission's recommendations in this regard. Prior to the 1930s, the country's statistical growth, particularly that in the area of labour, was restricted to the necessities of management. Although expert panels had studied the requirements and provided suggestions, no organisation specifically for statistical data had been established outside of administrative routine in any subject. The Royal Commission on Labour, under the direction of Whitlay, noted that it is on facts that policy must be built and that there would be confusion and conflict regarding the goal as long as there was uncertainty as to the facts, establishing the significance of statistics for the administration of labour policies in India as early as 1930. The commission placed special emphasis on the need for accurate and comprehensive data gathering on worker income and expenditures via the employment of qualified investigators and solid statistical techniques. It also advocated for the passage of a Statistics Act to enable the competent authorities to gather data from employers, merchants, and other sources in order to compile statistics on the living, working, and financial circumstances of industrial workers.

When the Bowley-Robertson Committee reported on the potential of a "Economic Census of India," the significance of a coordinated approach to the larger field of other statistics was recognised. A number of suggestions were made by the committee about data on production, pricing, salaries, and profits. The establishment of the economic adviser's office by the Government of India in 1938 provided the Bowley-Robertson Committee's proposals even more impetus. The aforementioned investigations were a helpful addition to statistics and study on local labour issues, but they did not increase the regular supply of labour data for all of India. The Government of India established the Rau Court of Inquiry (1940) to address the grievances of railway workers, but it was hampered by a lack of information and made several recommendations, including the creation of uniform cost of living indices for all significant cities throughout the nation. In order to make data gathering easier, the Industrial data Act was created in 1942.

factory-related topics, as well as some aspects of welfare and working conditions that are specifically mentioned. Under the guidance of the federal government, this legislation allowed state governments the authority to compile data on a variety of labor-related topics. In order to coordinate the statistical efforts of the states, gather the data, and organise the Act's implementation, the Department of Labour established a statistical section. The Government of India established the Directorate of Cost of Living Index Scheme in 1942 to conduct family budget inquiries and create working class cost of living index statistics for "important industrial centres on a uniform basis." These investigations were conducted between 1943 and 1945. The request from the Directorate General of Posts and Telegraph personnel was examined in the interim by Mr. Justice G.S.Rajadhyak Sha.

The government's involvement in work relations during the war (1939–1945) required a more systematic collection of labour data of a somewhat different kind. Collecting information about, among other things, wages and earnings, employment, housing, and social circumstances of work, and particularly of industrial labour, in India, was one of the key tasks of the Rege Committee (1944). Following the experience of the Bengal Famine in 1943, attention was drawn to the compilation of systematic information of food and agriculture outside of the publications of the Director General of Commercial Intelligence and Statistics. To ensure a coordinated view of statistical information, the Government of India established an Inter- Departmental Committee in 1945 to review the material available and to make recommendations.

India's government established the Labour Bureau in 1946. In the years after its founding, it expanded its operations. The establishment of the Labour Bureau was an important step towards expanding the scope of labour statistics, opening up new directions for labour research, and distributing data to help people understand the nation's labour issues.

The Labour Bureau serves as both a repository for all labor-related statistics and intelligence and a conduit for supplying labor-related data into the larger stream of statistics. The Labour Bureau is referred to as a storehouse because it gathers, compiles, and publishes labour statistics on an all-Indian basis; constructs and maintains working class consumer price index numbers for related centres and all-India series of consumer price index numbers; consumer price index numbers for agricultural workers; maintains the most recent factual information regarding the working conditions of industrial workers collected by the Labour Investigation Committee; and conducts research into the conditions of workers in the construction industry. 1950 saw increased activity in all areas of study as well as statistics. Through benchmark surveys of many facets of economic progress, new forms of data were sought. Repeated surveys gave information that was useful for both introducing new planning strategies and gauging the status of the plan.

The method encompassed several areas of work. With the growing need for scientific time series and better economic indicators, the twin concerns of statistic quality and comparability within the national framework came into sharp focus. On the basis of the findings of the fresh family living surveys performed during 1958-59, new series of consumer price index data for industrial employees are now prepared for 46 out of 50 centres chosen for the purpose by the Labour Bureau. The Technical Advisory Committee chose to use 1960 as the starting point for all of these new series of index numbers. New series of consumer price indices have been released by the Labour Bureau in Shimla for industrial employees in all centres, with the exception of the Tamil Nadu Factory Centres in Madras, Madurai, and Coimbatore and the Plantation Centre in Coonoor.

When the collection of Statistics Act, 1953 (Act No. xxxii of 1953) and collection of Statistics (Central) Rules, 1953 went into effect, all these advancements combined to create an integrated statistical system. The Industrial Statistics Act of 1942 was repealed and replaced by the Act, which went into effect on November 10, 1956. Act 4 of 1986, which made a small change to the Act, changed it further. The Act therefore mandates the gathering of statistics on any topic pertaining to any industry or class of industries in a commercial or industrial concern, the welfare of labour and conditions of labour, including the cost of goods and attendance, living conditions, such as housing, water supply, and sanitation, indebtedness, rented dwelling houses, wages and other earnings, benefits and amenities provided for labour, hours of work, employment, and unemployment, industrial indebtedness, and indus

### **Labour Statistics' Limitation**

It is challenging to adequately analyse and base policy decisions on the official employment data because of certain severe flaws in them. These flaws include the following: Different workforce statistics have varying coverage and horizons. This lack of consistency is mostly due to the fact that they were gathered through various modes of collection and cover various geographic regions as a result of governmental changes. The data are derived from an insufficient census. Because of this, they need to be refined and given particular treatment. The reason is because the collection initially begins on a census basis, which entails counting all primary units, but because of non-response, an incomplete census finally occurs. In certain circumstances, a separate data processing method is used.

The percentage of statistical error involved cannot be calculated for a significant portion of these data. The probability approach is inapplicable in such circumstances. It is difficult to handle data and analyse them, thus it is important to assess error magnitude as accurately as possible. Some data are gathered by federal and state agencies only to satisfy legal and administrative obligations; they are not utilised for making decisions about public policy. Finally, the data are prepared on an All-India basis with a delay of two to three years, although the mandatory returns are often yearly. Despite the fact that the returns are required by law, there is often a high level of non-response, which varies from year to year.

### **Gaps in India's Labour Statistics**

However, there are certain gaps that need to be addressed and our numbers fall short in several crucial areas. Our statistical organisations as a whole are still evolving, which mostly explains why we fall short in this area. The main flaws that need to be fixed are listed below. Statistics on employment are not readily available. Their reach and breadth must be expanded, and their frequency and quality must be improved. Regarding unemployment, there are no figures that are worth mentioning. There are no job data available, except those for industries, mining, and certain governmental projects. There are several tiny businesses in India. They must be included in statistics organisations' purview as well. Additionally, there is an excessively large time lag and inadequate publishing frequency.

In a similar vein, pay statistics are woefully insufficient. In addition to their pay, workers get extra benefits, although there is no information on them. The availability of a region- and industry-specific categorization of salaries is highly deficient, and circumstances must be improved in that area. Productivity is a significant omission from India's workforce statistics. There aren't many data being collected. We lag substantially behind other nations in this area. The amount of time that previous workers remain employed and new hires join the workforce of an organisation is known as labour turnover. The figures on employee turnover are really interesting. The worker turnover rate is very important as a gauge of labour stability, which is crucial for effectiveness and increased production. The majority of businesses do not now keep appropriate registers, and the employees who provide the figures do not value them. Like labour officers, the inspecting officers are much too preoccupied with their own administrative duties.

In India, the process of gathering and compiling workforce data is still in its infancy. The breadth of employment data in India at the moment is constrained, which is one of the most significant

gaps. They should be expanded to new industries and elevated in terms of both frequency and quality. Except maybe for coal mines, statistics on wages and working conditions fall well short of expectations. To accurately understand the pay structure in various sectors and regions and how it has changed over time, data on occupational earnings must be correctly categorised and analysed. It is important to collect productivity and workforce turnover statistics in a methodical way. Not to mention, there are almost no accurate statistics on unemployment in the whole nation. This is a critical deficit that has to be remedied right away at a time of planning with a focus on broader employment.

### CONCLUSION

In conclusion, labour statistics' conceptual components are essential for comprehending and analysing the dynamics of the labour market and how they affect the overall health of the economy. Policymakers, academics, and companies may develop sound plans and make educated choices thanks to the vital insights that labour statistics provide on many aspects of employment, unemployment, and labour force participation. It is clear from this consideration of conceptual issues that precise data collection and interpretation depend on the definition and categorization of labour force participation, job status, and economic activity. Global labour market trends and inequalities are better understood by using standardised terminology and categories, which also make data from different countries easier to compare. In conclusion, it is crucial to have a solid grasp of the conceptual underpinnings of labour statistics in order to develop policies that cater to the many and changing demands of the labour force. We can better analyse labour market trends, encourage social inclusion, and provide an environment that promotes decent employment for everyone via continual development and harmonisation of labour statistics ideas. By making investments in high-quality labour statistics, we give ourselves the means to create societies that are more just, productive, and sustainable for everyone who works in them.

### REFERENCES:

- [1] E. L. Groshen, "Importance of the U.S. Bureau of Labor Statistics and critical issues it faces," *Bus. Econ.*, 2018.
- [2] Australian Bureau of Statistics, "Labour statistics: Concepts, sources and methods," 2018.
- [3] E. Torpey, "Measuring the value of education : Career Outlook: U.S. Bureau of Labor Statistics," *Bls.gov*, 2018. .
- [4] O. Kässi and V. Lehdonvirta, "Online labour index: Measuring the online gig economy for policy and research," *Technol. Forecast. Soc. Change*, 2018.
- [5] G. Atteya and R. Lampert, "Controversies Surrounding Exercise in Genetic Cardiomyopathies," *Heart Failure Clinics*. 2018.
- [6] J. G. Castillo and C. M. Salas, "Comparability and methodological adjustments of labor statistics: The case of the unemployment rate for Ecuador," *Estud. Econ.*, 2018.
- [7] R. Chami, E. Ernst, C. Fullenkamp, and A. Oeking, "Are Remittances Good for Labor Markets in LICs, MICs and Fragile States? Evidence from Cross-Country Data," *IMF Work. Pap.*, 2018.



- [8] B. Chansky and N. F. Modica, “Productivity in transit: A new measure of labor productivity for urban transit systems,” *Mon. Labor Rev.*, 2018.
- [9] U. S. D. of L. Bureau of Labor Statistics, “Information Security Analysts : Occupational Outlook Handbook: : U.S. Bureau of Labor Statistics,” *Occupational Outlook Handbook*, 2018 .

## CHAPTER 19

### A BRIEF STUDY ON LABOUR STATISTICS LEGISLATION

---

Miss. Rishika Kaushik, Assistant Professor, Maharishi School of Commerce & Management,  
 Maharishi University of Information Technology, Uttar Pradesh, India  
 Email Id- [rishika.kaushik@muit.in](mailto:rishika.kaushik@muit.in)

#### **ABSTRACT:**

Legislation governing labour statistics is crucial in determining how labor-related data are gathered, organised, and disseminated within national economies. This abstract presents a thorough examination of the significance and effects of employment statistics law, highlighting its contribution to accurate labour market analysis and fact-based policy development. Beginning with a discussion of the main goals of employment statistics law, the study emphasises the need of standardised data gathering techniques, classifications, and definitions. It looks at how such legislation creates a foundation for the law that requires thorough and trustworthy data collection, assuring the accuracy and comparability of labour statistics across time and geographic borders. The abstract addresses the importance of employment statistics laws in promoting evidence-based decision-making by governments, employers, and labour organisations, drawing on empirical research and international examples. It emphasises how stakeholders can comprehend labour market dynamics, spot new trends, and effectively address changing economic and social concerns when they have access to credible labour market data. The article also explores the significance of data disclosure and openness in employment statistics law. In order to allow for public inspection, accountability, and the growth of public confidence in governmental institutions, it emphasises the significance of open access to labour statistics. The balance between data accessibility and preserving individual privacy rights is also covered, which is important in the digital age.

#### **KEYWORDS:**

Factory, Labour, Legislation, Statistics, Trade.

#### **INTRODUCTION**

When the Royal Commission on Labour said that policy must be established on facts and that as long as the facts are unknown, there would be confusion and disagreement over the objectives, India recognised the need of statistics for administration as early as 1930. Additionally, the Whit lay Commission later advocated for the passage of a Statistics Act to allow the relevant government to gather and compile statistics on the living, working, and financial circumstances of industrial workers. Because a significant portion of labour statistics in India is gathered via statutory returns required by various labour laws, the data on labour statistics have evolved as a consequence of these laws. The Mines Act, 1952, for Mines and state shops, and the Establishment Acts/Weekly Holidays Act, 1942, for work covered by them, all require reporting of employment in registered factories under the terms of the factories Act, 1948. The Payment of Wages Act of 1936 and the Mines Act of 1952 both require mining employees to report their earnings if they operate in registered enterprises. The Workmen's Compensation Act, 1923, provides statistics on compensation paid to workers or their families on account of death or injuries caused by accidents or occupational diseases. Statistics of industrial accidents in factories and mines are compiled from returns under the Factories Act, 1948, and the Mines Act,

1952, respectively. Statistics of the units covered by [1], [2]the Employee's States Insurance Act of 1948 are likewise secured using this method. A variety of information on the number of units covered, the number of subscribers, and the amount of provident fund contribution are provided under the Employee's Provident Fund Act of 1952. Data from returns made public under the Trade Unions Act of 1926 is used to produce statistics on the number of registered trade unions and their financial status.

When the Collection of Statistics Act, 1953 (Act No. XXXII of 1953) and the Collection of Statistics (central) Rules, 1953 went into effect, all these advances contributed to an integrated statistical system. The Industrial Statistics Act of 1942 was replaced by the Act when it went into effect on November 10, 1956. The latter Act increased the former law's reach. The Act was also modified by 4 of 1986, which made a small change. In light of this, the Act now permits the gathering of data on any topic relevant to any industries or classes of industries in a commercial or industrial concern. The welfare of the workforce includes factors such as the cost of goods and attendance, living conditions such as housing, water supply, and sanitation, debt, rented housing, wages and other earnings, provident and other funds provided for the workforce, benefits and amenities provided for the workforce, hours of work, employment and unemployment, industrial labour disputes, labour turnover, and trade unions.

Unless the context indicates otherwise, this Act mandates: In regard to the collection of statistics under a directive issued by the under Section 3 and the State Government in connection to the collection of statistics under a direction issued by the under Section, "appropriate Government" means the Central Government and the State Government, respectively. "Commercial concern" refers to a public limited company, a cooperative society, a firm, or any other individual or group of individuals engaged in trade or commerce, including: a concern engaged in banking or insurance; a financial corporation; a concern engaged in shipping and navigation; a concern engaged in the business of brokers in shares, stock, securities, and commodities; a concern engaged in the business of advertising consultants; a light railway; and a concern engaged in the business of advertising consultants.

A factory is one that meets the criteria outlined in section 2(m) of the Factories Act, 1948. "Owner" refers to the person or the authority who has the ultimate control over the affairs of a commercial or industrial concern, and "Industrial concern" refers to a public limited company, co-operative society, firm, or any other persons engaged in the manufacturing, assembling, packing, preservation, or processing of goods, in mining, in the generation or distribution of electricity, or in any other form of power;

### **The gathering of statistics**

The appropriate government may order the collection of statistics on any of the following topics by publishing a notice in the Official Gazette: any topic relating to any industry or class of industries; any topic relating to any commercial or industrial concern or class of commercial or industrial concerns, and, in particular, any topic relating to factories any topic relating to the welfare of workers and working conditions[3], [4].

1. Price of commodities;
2. Attendance;
3. Living condition including housing, water supply and sanitation;
4. Indebtedness;

5. Rents and dwelling houses;
6. Wages and other earning houses;
7. Provident and other funds provided for labour;
8. Hours of work;
9. Employment and unemployment;
10. Industrial and labour disputes;
11. Labour turnover;
12. Trade unions;

### **DISCUSSION**

Nothing in this provision should be interpreted as giving a State Government the go-ahead to give any directives under this Act pertaining to the gathering of data on any subject covered by any of the items listed in List I in the Constitution's Seventh Schedule. If a State Government has issued a direction under this section for the collection of statistics relating to any matter, the Central Government shall, unless prior approval of the Central Government has been obtained, issue any similar direction. Likewise, if the Central Government has issued a direction under this section for the collection of statistics relating to any matter, the State Government shall, unless prior approval of the Central Government has been obtained, issue any similar direction.

#### **The Influence of Statistics**

A notification requiring the owner of an industrial or commercial concern or any other person to provide the information to returns that may be stipulated about any topic in respect of which statistics are to be collected may be served on that person by the statistics authority or it may be caused to be served on that person. The structure, recipients, and details of such information or returns, together with the information they must include and the time periods in which they must be submitted, must all adhere to any regulations that may be in place. The notification referred to in subparagraph (1) may be sent through postal mail. a person's right to access records or materials. restriction on information and return publishing[5], [6].

#### **Penalties specified (if applicable)**

You must provide any information or returns: knowingly withholds or causes to withhold any information or return that may be required under this Act; wilfully provides or causes to furnish any information or return that he knows to be false; knowingly refuses to answer or willfully provides a false response to any questions necessary to obtain any information required to be furnished under this Act; or impedes the rights of access to pertinent records or documents or the right of entry conferred by this Act.

#### **Central Government's Powers**

When it comes to putting this Act into effect in the State, the Central Government may offer instructions to the State Government.

#### **Rules for Central Collection of Statistics, 1953**

The Central Government has issued the necessary regulations in reliance on the authority granted by Section 14 of the Collection of Statistics Act of 1953. Rules are hence referred to as the 1953 Collection of Statistics (Central) Rules. Rule 3 mandates that, in order to collect statistics, the Statistics Authority shall deliver a notice to the owner of any factory, industrial concern, or

plantation, requiring the owner to provide the Statistics Authority with the following before a date specified in the notice, which may not be earlier than three months after the end of the period to which the return relates: one or more returns in such a manner and containing such particular as may be specified in the notice, one or more returns in such a manner and containing such particular as A return, other document, or several returns from various dates may be required by the statistics authority. Rule 4 focuses on the information that must be provided. The owner must include all or all of the following information in the return as required by the notice: identity details, type of ownership and management, valuation of and spending on various components of fixed capital. The value of and activity on various working capital components. information on employment, such as the number of people employed, the number of hours worked, and the amount of pay made for each category of workers; the value of the privileges or perks that each category of employees is entitled to. The strength of each form of prime mover individually and each type of motive force. The number and power of motors, installed capacity information on fuel, electricity, and lubricant usage, including the amount and cost of each, other resources used, such as raw materials and services Chemicals, packaging supplies, retail outlets, and services, the price and quantity of the goods intended for sale, as well as the payment for any additional labour the manufacturer performed, Different client kinds are sold to. Stocks of fuels, materials, and goods; Inventory of equipment other than power equipment; Current age, condition, and service life of buildings, plant, and machinery; and any additional details that the owner may, in his or her sole discretion, provide information on [7], [8].

### **Objection according to Rule 5**

Rule 5 gives the owner some leeway in terms of sending returns. According to this rule, if the owner is unable to provide the returns and other documents that are required of him in the manner or for the period specified in the notice due to his inability to compile them from his accounts or other records or for any other reasonable reason, he shall supply them in the manner and for the periods that correspond as closely as possible to the manner and period specified in the notice and shall pay any applicable fees. Rule 6 addresses the modification of returns and the extension of time. The rule states that the statistics authority is competent to issue orders adding to or otherwise varying the heads under which the owner has been required to provide returns and other documents in any manner in which he could have been asked to provide in the original notice. The owner will then be required to provide such revised returns and documents as if he had been required to provide them in the original notice.

The deadline for submitting the updated returns and other documentation will be assumed to have been extended to three months from the day the owner received the order when the decision was not made on the owner's application: Furthermore, the statistical authority may, in any other circumstance, extend the deadline stated in the notification at his discretion. In the event that a factory, industrial business, or plantation is no longer owned or operated, Rule 7 sets forth measures. According to this rule, if the owner ceases to be the owner at any point during the period for which the returns or other documents are requested in the notice, he must provide the statistics authority with the returns and documents for the portion of the period for which he was the owner. However, the statistics authority may, at his or her discretion, extend the time limit mentioned in the notice in any other case. If a factory, industrial concern, or plantation stops operating while returns and other documents related to tort are still required, the owner must provide the statistics authority with the returns and other documents for the time period leading up to the date that the factory, industrial concern, or plantation stopped operating. How the notice

will be served to the owner is addressed in this regard by Rule 8, which states that any notice or order required to be served on the owner under these rules may be served by transmission through the mail under registered cover with acknowledgement due, or through a person designated by the statistics authority to serve such notice by delivering it at the owner's place of business and obtaining an acknowledgement for it. Rule 9 addresses the appropriate terminology for providing information. It states that any information needed to be provided under these regulations must be provided in either English or any other language or languages specified by the Central Government in a written order. Rule 10 states that, before approving a prosecution under Section 11, the statistics authority should provide the individual a fair chance to explain why such a prosecution should not be sanctioned.

Statutory Returns Today, a significant portion of labour data is collected via statutory returns required by the Labour Laws. For registered industries, the industries Act of 1948, the Mines Act of 1952, and the State Shops and Establishments Acts/Weekly Holidays Act of 1942, respectively, allow for the reporting of employment figures. Under the Payment of Wages Act of 1952, records detailing employee earnings in registered factories are accessible. The data used to create statistics on industrial accidents in factories and mines comes from reports required by the Mines Act of 1952 and the Factory Act of 1948, respectively, as well as Workmen's Compensation payments made to employees or their relatives in the event of fatal accidents or occupational illnesses. Statistics on the units covered by the Employee's State Insurance Act of 1948 are also collected.

A variety of data on the number of covered units, the number of subscribers, and the amount of provident fund payments are provided under the Employee's Provident Fund and Miscellaneous Provisions Act of 1952. Data from returns made public under the Trade Union Act of 1926 is used to produce statistics on the number of registered trade unions, their membership, and their financial status[9], [10].

The majority of statutory returns are yearly, and data for the whole country of India are prepared after a delay of two to three years. Even though the returns are required by law, there is often significant non-compliance that varies from year to year. In accordance with the 1953 Act for the Collection of Statistics, the Central Statistical Organisation has been collecting data via its Annual Survey of Industries programme. A labour schedule was added to this programme at the request of the labour bureau, and it now includes monthly data on absenteeism and labour turnover, quarterly data on working days, man hours worked, and earnings for specific employee categories, and annual data on wages and salaries paid, bonuses, and contributions by 16 employers to social security benefits.

Periodic data that are voluntarily gathered, like as absenteeism and labour dispute statistics, have a distinct kind of constraint. The Labour Bureau collects monthly data on work halts brought on by labour disputes from state labour departments, those departments' inspectorates, and the customary intelligence sources at their disposal. These data' coverage is inadequate since they are voluntary returns. Particularly sparse and sometimes unreliable data exist for pay and output losses as a result of work stoppages. Currently, the Indian Labour information Act, 1953 is a key tool for obtaining accurate and comprehensive information via legal enforcement. The Act is highly detailed, outlining the scope, authority, powers, and several methods to be used in order to collect the information it is designed to cover. The Act makes an organised effort to gather and publish data, as does the Labour Bureau.

## CONCLUSION

The advantages of labour statistics law for enhancing labour market effectiveness and boosting respectable employment possibilities are also covered in the abstract. It looks at how accurate labour data may be used to pinpoint regions of labour market imbalances, guide programmes for skill development, and address problems with underemployment, undocumented labour, and income inequality. In order to guarantee the efficient collection and administration of labour data, it is discussed how important proper financing, technical capability, and collaboration among many stakeholders are. This concludes by emphasising the crucial role that employment statistics law plays in establishing a solid framework for the study of the labour market and the development of public policy. Such legislation strengthens the capacity of governments and other players to create effective and targeted labour policies that promote economic growth, social welfare, and inclusive development by requiring accurate data collection, transparency, and standardized methodology. The ongoing dedication to strengthening labour statistics legislation becomes increasingly important as labour markets continue to change in response to technological advancements and global trends in order to fully realise the potential of labour data for the benefit of people, businesses, and society at large.

## REFERENCES:

- [1] V. Hedija, "Is the rule of law significant for explanation of differences in the gender pay gap?," *Prague Econ. Pap.*, 2018.
- [2] M. A. Vannucchi, "Estado, capitalismo e profissão: metamorfoses da advocacia nas décadas de 1940 a 1960," *História Unisinos*, 2018.
- [3] J. Henderson, C. Carson, H. Jayaweera, F. Alderdice, and M. Redshaw, "Recency of migration, region of origin and women's experience of maternity care in England: Evidence from a large cross-sectional survey," *Midwifery*, 2018.
- [4] M. A. Vannucchi, "State, capitalism, and profession: Metamorphoses of the practice of law between the 1940s and 1960s," *Historia Unisinos*. 2018.
- [5] L. M. Pinet-Peralta, "The effects of primary prevention policies on mortality from motor-vehicle crashes among children in the United States," *J. Safety Res.*, 2018.
- [6] T. Matsuda and K. Saika, "Cancer burden in Japan based on the latest cancer statistics: need for evidence-based cancer control programs," *Ann. Cancer Epidemiol.*, 2018.
- [7] S. Manzanera-Román, "Labour market policies as a factor of intensification of labour precariousness and social exclusion," *Prism. Soc.*, 2018.
- [8] E. Dean, "Safe staffing in emergency departments... [including commentary by Anna Crossley].," *Emerg. Nurse*, 2018.
- [9] G. Asik, "Impact of early retirement incentives on labor supply of young men and women: Evidence from Turkey," *Work. Pap. Dev. Soc.*, 2018.
- [10] B. Y. Clark, N. Larco, and R. F. Mann, "The Impacts of Autonomous Vehicles and E-Commerce on Local Government Budgeting and Finance," *SSRN Electron. J.*, 2018.

## CHAPTER 20

### A BRIEF STUDY ON COLLECTION OF LABOUR STATISTICS

---

Dr. Deependra Nath Pathak, Assistant Professor, Maharishi Law School,  
Maharishi University of Information Technology, Uttar Pradesh, India  
Email Id- [deependra4all@gmail.com](mailto:deependra4all@gmail.com)

#### **ABSTRACT:**

An essential step in understanding labour market trends, formulating policies, and directing evidence-based decision-making is the collecting of labour data. In order to illuminate the crucial role that labour data play in determining economic and social policies, this abstract provides a thorough overview of the approaches, difficulties, and consequences of gathering employment statistics. The study starts by describing the many techniques used to gather labour statistics, from administrative records and data from electronic sources through household surveys and establishment surveys. It examines the benefits and drawbacks of each approach, highlighting the significance of choosing approaches that appropriately represent the many facets of the labour market. The abstract addresses the difficulties in gathering workforce data by drawing on global experiences and best practises. Managing the fast changes in the nature of employment, dealing with non-response bias, assuring data quality and dependability, and tackling the digital divide to include marginalised people are some of these problems. The research also emphasises how procedures and terminologies must be harmonised in order to allow for accurate cross-country comparisons. This explores how collecting workforce data may help with decision-making that is supported by facts. It addresses how timely and accurate labour market data enables decision-makers to evaluate the effects of economic policies, create specialised interventions, and successfully address new labour market trends. Additionally, it emphasizes the significance of openness in data sharing to increase stakeholder participation and create public confidence.

#### **KEYWORDS:**

Labour, Policies, Security, Statistics, Trade.

#### **INTRODUCTION**

Industrial growth determines a country's standing in the globe and its economic advancement. Labour is used to run an industry. All sorts of employees employed in the commercial, agricultural, and trade industries are included in the phrase "labour," which has a fairly broad definition. Statistics are important for any process' growth. The proper development of economies and industrializations depends greatly on workforce statistics. By labour statistics, we mean factual information on a variety of labor-related topics, such as employment and unemployment, earnings and salaries given to skilled, unskilled, and semiskilled employees, data on labour absenteeism, hours worked, etc. These data serve as a foundation for formulating appropriate labour policy. The circumstances in a nation are expressed via labour statistics, together with the actions the government has made to promote worker welfare. Labour data are more useful in emerging nations like India. when due consideration must be given to industrial peace and worker welfare in order to achieve rapid industrial expansion.



Utilization of labour statistics Labour Statistics are collections of numerical statistics used to define and examine the size, makeup, and evolution of labour markets. Labour statistics are used to monitor the dynamics of the labour market with regard to the size, distribution, and characteristics of the labour force; to analyse changes in labour demand and supply; to gauge economic performance; and to gauge the level of hardship faced by the people. to evaluate the working conditions in collective bargaining between trade unions and management, wage and price policies are developed and reviewed. Signals are also sent on unfavourable economic and social circumstances, such as child labour and gender prejudice in the workplace. to monitor the turbulence in labor-management relations[1], [2].

### **India's Historic Development of Labour Statistics**

First and foremost, the 1931 Royal Commission on Labour stated the need of a comprehensive labour data collecting. The panel advocated for the creation of appropriate laws that would allow the relevant authorities to gather and aggregate data on industrial labour. As a result, the Industrial Information Act 1942 was established in 1942, making it easier to gather information on certain labor-related topics.

However, the Act proved insufficient, leading to the establishment of a labour bureau under the Ministry of Labour & Employment in 1946. In addition, in 1953, the Collection of Statistics Act, 1953 was enacted for the collection of statistics adopted to workers under different Acts, which further aided in the development of labour statistics in our nation. A few more laws, such as the Payment of Wages Act of 1936, and the Minimum Wages Act of 1948, were also approved by the government. Employee's Provident Fund Act of 1952, Employee's State Insurance Act of 1948, etc.

### **Collection of statistics act, 1953:**

#### **Procedure and compilation for collecting labour statistics.**

Data are gathered by the Labour Bureau in three steps: The State Governments or Central Government Agencies are in charge of gathering the basic data. At the state level, the data collected from various units is combined in accordance with the standards established by the Labour Bureau.

The Labour Bureau compiles the data once it has been gathered. Labour data are gathered, compiled, and distributed by the Labour Bureau. The Bureau also performs regular surveys on the labour market's economic and working circumstances. In order to facilitate easy international comparison, the international work Organisation, was founded on a global scale. The ILO gathers and produces a consistent set of statistics on work for all countries. The following major categories have been established by I.L.O. under which labour statistics should be prepared in every nation, Classification of Workforce by Industry and Profession, Employment and Unemployment, Wages and Hours of Work, Living Standards, Family Life, Statistics of Injuries and Occupational Diseases, Trade Unions and Industrial Disputes, Social Security, International Comparisons of Real Wages, Migration.

### **1953's Collection of Statistics Act**

This Act was established to gather worker-related data. The Act has established a set of guidelines and headings under which various data are gathered at the federal and state levels.

### **Possible Work Statistics**

The labour provided by I.L.O. is gathered under numerous headings in accordance with the directives and specific Central Acts. These statistics are briefly described as follows:

#### **Statistics of Employment & Unemployment:**

There are three key places to look for job data.

1. The annual census of the population
2. National Sample Survey
3. Statistics from the Employment Exchange

In addition to these important sources, the following sources on employment in specialised industries are also accessible[3], [4].

1. Working in mines.
2. Work on a plantation.
3. Work in the railways, post office, and telecommunications.
4. Work in stores and other business establishments.

Under the Provisions of Factories Act of 1948, the Chief Inspector of Factories collects data on employment in factories on a half-yearly and annual basis. The data is then combined by the Labour Bureau.

## **DISCUSSION**

#### **Data on paycheques and earnings:**

A segment of the population's economic situation may be expressed via pay and earnings statistics. The Payment of Wages Act of 1936 and the Minimum Wages Act of 1948 both mandate the collection of the data on. The following categories of information have been gathered by the Labour Bureau:

1. Industries that produce goods
2. Mines
3. Plantation
4. Transport
5. Workers protected by the Minimum Wages Act of 1948.

#### **Social Security Statistics**

These facts may be used to create social security policies that are effective. The Ministry of Legal & Social Security created a Department of Social Security in 1964. The following social security information was gathered and made public by authorised organisations.

#### **Cash and Other Benefits Statistics**

The Employee State Insurance Act, which was passed in 1948, provides for monetary and other benefits. These benefits are categorised under the following headings:

1. Sickness
2. Maternity.

3. Disablement
4. Dependents

### **Maternity benefits statistics:**

These facts reveal:

1. The average percentage of women working;
2. The proportion of women who apply for maternity benefits;
3. The proportion of women who received the aforementioned benefit;
4. The total sum paid.

### **Compensated Injury Statistics**

The Workmen's Compensation Act of 1923 is used to gather data of this kind. The necessary information is provided as follows: Injury compensation claims made. Compensation amount. The injuries are divided into categories based on:

1. Death
2. Incapacity for life; and
3. Short-Term Disability.

### **STATISTICS for work hours:**

To determine workforce costs and productivity, statistics on worker hours are crucial. Additionally, it controls the hours of labour, overtime, and required rest breaks for various personnel. The Mines Act of 1952, the Factories Act of 1948, and the Plantation Labour Act of 1951. The Apprentices Act of 1961 governs the working hours of employees in India's organised industries. These Acts defined the weekly off and the excess time in a day and a week. These Acts also outlined the daily and weekly working hours. The "Annual Survey of Industries" contains information on the total man hours worked annually in each industry. No information is provided for the unorganised sector. In the household surveys, these data are only gathered by N.S.S[5], [6].

### **Labour absenteeism and turnover statistics:**

The ratio of man shifts missed owing to absence to the matching total man shifts scheduled to work is used to calculate labour absenteeism. In accordance with the Mines Act, absenteeism statistics are gathered from every coal mine. A select few major units also provide data on a voluntary basis. Rules for gathering absence information from registered enterprises are also provided under the Collection of information Act of 1953. Statistics on labour turnover reveal how many current workers leave an organisation during a certain time period and how many new employees join. Together with the absence data, labour turnover statistics are now accessible.

### **Data relating to commerce unions:**

The Trade Union Act of 1926 does not require unions to register, therefore the breadth and coverage. only those unions that are registered are included in trade union statistics. Additionally, of the registered unions, around half do not provide the necessary returns to the state governments. According to the Indian Trade Union Act of 1926, the government compiles and publishes extensive information on labour unions. the Ministry of Labour in India. It is difficult to determine how much the publicly available statistics accurately represent the state of

trade unions in the nation. In India, there are two different kinds of trade unions: Employees-founded labour unions; an employer union established by employers; Statistics on employers' unions and workers' unions are provided separately by sector and by state.

### **Statistics Relating to Living Standard**

These figures are gathered via family budget inquiries and retail pricing for worker consumption. The Labour Bureau and the several State Governments are in charge of this effort. The information so gathered and assembled reveals worker classifications, average family size, consumption unit per family, average monthly income, and average monthly spending.

### **Entity Charged with Collecting and Distributing Labour Statistics**

India's industrial growth gave birth to a number of legislations, institutions, and institutions to collect and publish workforce data on a regular basis. The primary organisations at this time are:

1. Simla Labour Bureau
2. New Delhi's Director General of Employment & Training.
3. Dhanbad's Director General of Mines Safety
4. Staff members of Stat Insurance Corporation

### **Simla labour bureau:**

Founded in 1946 by the Ministry of Labour & Employment, the Labour Bureau. The growth of workforce statistics in our nation was aided by the founding of this department. The following are the key responsibilities of the Bureau: gathering, compiling, and publishing labour data for all of India. Consumer Price Index Numbers for the working class in the construction and maintenance industry for selected centres and all of India. recording the information on industrial worker working conditions that the Labour Investigation Committee has gathered. conducting pay censuses, contract work surveys, agricultural/rural labour inquiries, and other research-specific challenges with a view to providing data needed for formulating labour policy. publication of numerous labour law provisions. Publication of "Indian Labour Journal" (Monthly), "Indian Labour Year Book," "Trade Unions in India," and "Indian Labour Book" (Yearly)[5], [7].

### **The Labour Bureau gathers its information in three steps:**

State governments gather primary data. or the Central Government's agencies. According to the Labour Bureau's standards, the data collected from each individual unit is combined at the state or agency level. All India Statistics is the final compilation and publication of the returns received by the Labour Bureau. DGET, or the Director General of Employment and Training. Data on employment and occupational patterns of workers in the public and commercial sectors have been gathered and analysed by the D.G.E.T.

### **General Director of Mines Safety**

The Director General of Mine Safety maintains a current understanding of the many facets of the sector, such as. Employment of labourers at collieries, including their pay, productivity, and hours worked. Employees State Insurance Company. Statistics on illnesses, disabilities, dependency, and maternity benefits for employees earning less than Rs. 500 are gathered by this company.

## Labour Statistics Publication

An essential component of employment statistics is the accurate publication of information. Following are the key organisations involved in publishing labour statistics and their corresponding publications:

### Work bureau:

The Labour Bureau's regular, significant publications include:

1. The monthly Indian Labour Journal
2. The annual Indian Labour Year Book
3. Yearly Indian Labour Statistics
4. India's Trade Unions (Yearly)

## Limitations Or Deficiencies In Labour Statistics

Correct statistics are crucial for the growth of any activity. The way we frame our labour policy is influenced by labour statistics. A choice may be made incorrectly if the data is inaccurate or incomplete. For administrative purposes, workforce data are gathered in our nation. In 1969, the National Commission on workforce delivered a report to the government that identified various shortcomings in workforce data. Today, a significant portion of labour data is gathered via statutory returns required by labour laws. Even though the returns are required by law, there is often a significant lack of response. Even though labour statistics have improved and information is now sufficiently reliable since the creation of the Labour Bureau, the following shortcomings still exist:

### Lack of uniformity

The data are not arranged in a consistent manner and cannot be compared as a result of modifications made to the numerous definitions pertaining to employment statistics.

### Inadequacy Of Coverage

Unorganized sector statistics are not well covered.

### Lack of accuracy:

Investigators' and employees' carelessness causes inaccuracy.

Statistics provided voluntarily are unreliable.

### Data discrepancy:

Discrepancy results from multiple organisations collecting data following different patterns.

### Publication delay:

The usefulness of statistics is also impacted by delay. Most individuals don't provide accurate information because they believe that the statistics will be used against them. Labour Statistics Restrictions:

1. Localization of various professions so that data cannot be located.
2. Office coding is expensive, particularly during data censuses.

3. Different regions of the nation speak different languages.
4. Difficult and unclear reactions from industries and employers.
5. Limited technical assistance from labor-related organisations like the ILO, etc.

### **Suggestions or Corrective Action**

The aforementioned flaws are connected. A delayed publishing, for instance, is the consequence of a low reaction and the inability to get reliable information. These flaws may be fixed on several levels, with some flaws being fixed by government action and others, like poor responsiveness, being fixed through education and training. In addition to this, here are a few additional ideas:

It is important to take statistics seriously. A strict punishment should be applied to individuals who fail to submit the required returns. Statistics should only be collected and published after a short period of time. It is best to keep the collecting process straightforward. Paper requirements should be relaxed. In order to compare the data that different agencies gather, they should follow the same methodology. It is possible to adopt the definitions provided by the International Labour Organisation as standard definitions. The personnel responsible for the data gathering activity needs to get proper training. It is important to improve the collaboration between federal, state, and other authorities. More attention should be placed on the rural regions. The general population should be made aware of the value of statistics and should also be persuaded that the information provided will not be used against them. Therefore, there should be certain requirements for the reporting of industrial and labour statistics, and failure to do so should result in consequences. Repeated violations should receive harsh punishment[8], [9].

We have spoken about the significance and meaning of employment statistics in this unit. The relationship between workforce statistics and industrial growth is shown. We also covered the procedures for gathering workforce statistics. The data were gathered at several levels, i.e. State and Central. According to the Labour Statistics Act of 1953, the Payment of Wages Act of 1936, the Minimum Wages Act of 1948, and other laws, those associated with the industries are now required by law to fulfil the necessary statistical procedures. The gathering and dissemination of workforce data is a major responsibility for several organisations. The method of gathering and the quantity of publications have advanced along with India's industrial development. Simla's Labour Bureau has been very important to the subject of labour statistics. An essential component of employment statistics is the accurate publication of information. In our nation, several monthly and annual publications and reports are being produced. The accuracy of the workforce statistics in India is subpar. We've spoken about the primary flaws in our system, including its lack of uniformity, lack of coverage, lack of accuracy, and discrepancy in date, among others. Finally, certain recommendations have been made to rectify the aforementioned shortcomings.

### **CONCLUSION**

The value of international collaboration and capacity development in raising the standard and comparability of employment statistics. In order to develop national statistics systems and encourage international cooperation in data sharing and standardisation, it highlights the need of investments in infrastructure and training. The vital contribution that gathering labour data makes to enabling reasoned policymaking and informed decision-making. Governments and stakeholders may successfully handle the changing demands of the labour market and strive to

promote inclusive, productive, and sustainable economies by being aware of the difficulties and consequences connected with data gathering. Continuous attempts to improve labour statistics collection are necessary to ensure the well and prosperity of people and society at large as the globe deals with dynamic labour market transitions.

#### REFERENCES:

- [1] ILO, “Guidelines concerning the measurement of forced labour,” *20th Int. Conf. Labour Stat. (Geneva, 10–19 Oct. 2018)*, 2018.
- [2] O. Kässä and V. Lehdonvirta, “Online labour index: Measuring the online gig economy for policy and research,” *Technol. Forecast. Soc. Change*, 2018.
- [3] P. Salmi and K. Sonck-Rautio, “Invisible work, ignored knowledge? Changing gender roles, division of labor, and household strategies in Finnish small-scale fisheries,” *Marit. Stud.*, 2018.
- [4] L. Kearney, M. Kynn, R. Reed, L. Davenport, J. Young, and K. Schafer, “Identifying the risk: A prospective cohort study examining postpartum haemorrhage in a regional Australian health service,” *BMC Pregnancy Childbirth*, 2018.
- [5] S. O. M. Awoniyi *et al.*, “Malaria and agriculture: Evidence of relationship and labour/income loss among rural rice-farming households in Nigeria,” *Res. Crop.*, 2018.
- [6] D. Yue, P. W. Rasmussen, and N. A. Ponce, “Racial/Ethnic Differential Effects of Medicaid Expansion on Health Care Access,” *Health Serv. Res.*, 2018.
- [7] A. A. Girei, N. D. Saingbe, S. B. Ohen, and K. O. Umar, “Economics of small-scale maize production in Toto local government area, Nasarawa state, Nigeria,” *Agrosearch*, 2018.
- [8] L. M. Ccaulla Flores, “La remuneración salarial y el desempeño laboral en la Unidad de Gestión Educativa Local N° 06 – Ate, 2018,” *Univ. César Vallejo*, 2018.
- [9] K. Yamaguchi and K. Ohashi, “Management of group b streptococcus-positive pregnant women at maternity homes in JAPAN: a questionnaire survey of compliance among midwives,” *Matern. Heal. Neonatol. Perinatol.*, 2018.

## CHAPTER 21

### A BRIEF STUDY ON UNDERSTANDING EMPLOYMENT POLICY

---

Dr. Deependra Nath Pathak, Assistant Professor, Maharishi Law School,  
 Maharishi University of Information Technology, Uttar Pradesh, India  
 Email Id- [deependra4all@gmail.com](mailto:deependra4all@gmail.com)

#### **ABSTRACT:**

A key component of socioeconomic development is employment policy, which aims to advance inclusive growth, reduce unemployment, and improve societal well-being. This abstract offer a thorough examination of employment policy, highlighting its essential elements, effects on labour markets, and implementation difficulties. This begins with a look at the foundational components of employment policy, including the planning of institutions for the labour market, programmes for skill development, and social safety nets. It emphasises the need of a comprehensive and multifaceted strategy that covers the many demands of the labour force, particularly marginalised and disadvantaged groups. The abstract how employment policy affects labour markets through empirical research and case studies from other countries. It examines the effects of policy interventions on employment rates, labour productivity, and income distribution, including labour market rules, active labour market programmes, and pay policies. It also talks about how employment regulations might encourage social inclusion and gender equality in the workforce. The report also explores the difficulties associated with putting employment policy into practise. It deals with problems that might obstruct the efficient execution of policies, such as budgetary limitations and political factors. It also looks at how automation and technology development are affecting work patterns and what that means for employment policy.

#### **KEYWORDS:**

Development, Economy, Employment, Labour, Policy.

#### **INTRODUCTION**

A condition of being employed is employment. The key to reaching full employment is the creation of productive, well-paying jobs with respectable working conditions to accommodate our expanding labour force. One of the main goals of any employment strategy should be to be able to provide meaningful work. The employment policy provides the framework for the government's definition of the employer-employee relationship. It outlines the legal obligations of both parties to the employment contract. Some of the rights of the employer include the ability to hire, fire, and punish. While some of the rights of the workers include the ability to bargain, organise, and seek protection from discrimination. A workplace policy establishes regulations for pay, working conditions, health and safety, and employee welfare. A wholly uncontrolled market might result in issues with unemployment, poverty, and worker exploitation. A downturn in the economy may result as well. Establishing full employment is the goal of the employment policy.

#### **The Idea of Complete Employment**

In macroeconomics, "full employment" is a notion. A state of the economy known as full employment occurs when all or nearly all people who are willing and able to work at the going



rates of pay and working conditions are able to do so. There is no unemployment when the economy is operating at full capacity. But this is up for debate. Even in a situation of full employment, there may still be some self-inflicted or inevitable unemployment, such as voluntary unemployment, seasonal unemployment, and frictional unemployment. When the economy is producing at a level that is regarded as full capacity, i.e., when all resources are completely employed, it is not feasible to raise real production, is another way to conceive about full employment[1], [2].

### **Financial and monetary actions for complete employment**

#### **A wage-cutting strategy**

An economist by the name of A.W. Phillip postulated an inverse link between the pace of wage growth and the rate of unemployment in 1958. According to Phillips, wages will rise as the job market becomes more competitive and the unemployment rate decreases. Similar to this, a decrease in real wages results in a rise in the demand for labour and a decrease in the unemployment rate. Lower unemployment would be correlated with price increases. This is based on the idea that the forces of supply and demand determine the equilibrium pay rate. The economy enjoys full employment at this pace. Workers that refuse to accept the equilibrium pay rate are left without jobs. Keynes disagreed with this notion, arguing that lowering wages is not the best path to achieving full employment. His argument was that a decrease in pay would also lower peoples' buying power, which will cause demand to decline. When demand declines, output will also decline, which will result in fewer jobs being created. The salaries are also demanded by trade unions. They will get irate if their earnings are reduced. One of the main causes of industrial disputes is a wage rise.

#### **A monetary strategy to combat unemployment**

Neo-classical economists claimed that using monetary policy to produce money at a lower cost was another efficient method of boosting employment. Actions performed by central banks to influence monetary circumstances are referred to as monetary policy. Money supply, interest rates, and the availability of credit are some of the factors that influence monetary policy. In the end, monetary policy functions through having an impact on economic spending flows. In other words, it has an impact on liquidity, and by doing so, it has an impact on credit, which then has an impact on the economy's overall demand.

By lowering the interest rates applied to bank loans and discounting bills, the Central Bank makes money more readily accessible. Customers should get this advantage from the banks. Customers borrow more when the interest rates are lower, increasing the amount of money they have available to them. Market demand rises when one's buying power increases. It has been suggested that controlling the money supply is not the best way to increase employment. The notion that rising money supply would lead to rising consumer demand for products will not always hold true. Money serves as a store of value in addition to being a means of trade. The storage of money is based on necessity, much like that of other assets. Instead of spending more when the interest rate is dropped, individuals tend to save their money in anticipation of an increase in the interest rate. In such circumstances, a rise in the money supply won't result in an increase in the market's demand for commodities. Because the interest rate cannot be decreased beyond a certain point, lowering it to promote additional borrowing cannot always be the solution.

### **Full employment fiscal policy**

Describe fiscal policy: Fiscal policy refers to the method through which the government controls its outlays and receipts. The term "fiscal" comes from the French word "fisc," which denotes the government's riches. It serves as an economic balance mechanism. Low levels of income and investment, which are intertwined in a vicious cycle, are characteristics of developing economies. By energetically mobilising resources for investment, this may be overcome. The primary goals of fiscal policy are to advance national development and create jobs. The government has a variety of options for boosting employment. The government might set a certain sum that can be used to help the jobless find new jobs[3], [4].

According to Keynesian economics, the greatest methods to promote economic development are via increasing government spending and lowering tax rates. In a limited sense, the government may create jobs through raising spending. The government may produce employment by starting long-term projects like building roads and reservoirs. The multiplier impact is what is meant by this. According to the multiplier principle ( $k$ ), an independent rise in aggregate demand (AD) may result in a multiple or growth in revenue (output) that is more than commensurate. Investments, government expenditure, exports, and even autonomous consumption may all contribute to the growth in AD. This will be a powerful instrument for bringing the economy out of the downturn. According to the expenditure multiplier theory of economics, increasing consumer spending after an initial rise in government spending results in a higher gain in national revenue.

### **DISCUSSION**

Despite accounting for less than a fifth of the overall GDP, agriculture continues to be the primary source of income for more than half of the workforce, according to the first draught of the National Employment Policy (2008). This suggests that the agricultural and non-agricultural sectors have a significant income and productivity divide. The lack of appropriate increase in chances for gainful work outside of agriculture is the major cause of this. Does employment contribute to GDP or is it a pressing need? Which of the two variables employment or GDP should be the standard? Why not raise the standard of farm employment? Infrastructure assistance, such as finance facilities, adequate roads, expanded railway connections, storage facilities, organisations that help farmers earn a "decent" price for their goods, etc., is very necessary to achieve quality. The issues of chronic and covert unemployment, which are common in developing nations, must be addressed by the employment policy. The employment strategy may implement the following corrective actions to tackle particular unemployment issues in developing countries:

#### **Chronic employment policy:**

Underdeveloped nations endure persistent unemployment because of their entrenched poverty, inefficient use of resources, and growing populations. Long-term or Marxian unemployment are other names for this form of unemployment. Savings may be put to use in areas that result in higher capital creation as a solution to this problem.

Policy for Disguised Unemployment: In poor nations, many individuals seem to be working, but in reality they are jobless since their actual employment in agriculture would not have any impact on agricultural output. This is also evident when investment levels surpass the increase of

the work force. Real reasons like a lack of trained workers, management, the proper kind of entrepreneurs, etc. are in short supply, which is why there isn't enough investment. Because of this, there is an excess of labour available, which is "employed" in occupations when there are already enough employees. As a result, labor's marginal productivity is poor. Adding additional individuals to the scope of the organised sector is the answer to this issue. At a nominal rate, surplus agricultural labour may be used in other jobs. To promote self-employment, microfinance programmes might be used. Policy for structural unemployment: This kind of unemployment is brought about by technology advancements and the mismatch between skills and work needs. This may be fixed by creating new industries and raising people's abilities via suitable training.

### **Purpose of Work-Related Exchanges**

The founding of employment exchanges was motivated by the need for a system to handle a large number of young people with work potential. The stress of post-war demobilisation is primarily responsible for the creation of the Employment Service in India. As the second world war came to a conclusion, there was a pressing need for a system that could manage the orderly integration of a sizable number of military members and war labourers who were about to be released. It was deemed vital that the planned machinery be directed and managed by the Central Government due to the complexity of the issue, to maintain consistency in policy, and to ensure efficient coordination of activities. The Directorate General of Resettlement and Employment was established in July 1945 in line with a plan, and Employment Exchanges were organised around the nation. The Employment Exchanges were asked to handle the resettlement of a sizable number of displaced people when the nation was divided in 1947. All applicant groups were included in the service's scope by 1948 in response to public demand. There was a significant rise in employment as a consequence of the Employment Service's transformation from a resettlement agency to an all-India placement business. The Indian government handed over administrative management of the Employment Service to the relevant states on November 1st, 1956.

### **The contribution of employment exchange to the creation of jobs**

A company that offers job aid based on credentials and experience is called an employment exchange. The Departments of Employment in several States enable educated youngsters who are jobless to pre-register for upcoming job openings appearing in various State sectors. Using the employment exchanges, job seekers may look for relevant positions. Employers may use these exchanges to publish job openings and choose the ideal candidate from among the registered applicants. People who are seeking for work, whether they are employed or not, may register with the employment exchanges in their state to take advantage of job prospects.

To better match the demand for and supply of employment opportunities, the National Employment Service or Employment Exchange, managed by the Directorate General of Employment and Training, Ministry of Labour, operates approximately 900 Employment Exchanges. Job seekers may register with these Employment Exchanges and get notifications whenever a position in the Government sector becomes available that fits their desired profile. In accordance with the Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, the employer in every public establishment in that State or area is required to notify the appropriate employment exchanges of any vacancy in an employment before filling the position[5], [6].

The kids are greatly helped in getting work in paid positions via employment exchanges. They also help people launch self-employment ventures via activities related to vocational guidance. The main duties of employment exchanges include registering job seekers' applications and informing them of openings, gathering and disseminating information about the labour market, and providing students and young people with vocational guidance. The employment exchanges have made the following developments:

1. They have been able to hire individuals by acting as middlemen between the institutions looking for work and the populace willing to provide it.
2. Employing agencies to find new employees helps businesses save a lot of money. Young people looking for work often become victims of agents' misleading promises. This exploitation is abolished with the establishment of job exchange.
3. Employment exchanges provide data on the labour force that might help the government when developing plans.

The numbers accessible with the stock exchanges do not accurately depict the extent of unemployment in the nation, which is one reason for the employment markets' poor performance. This is due to the fact that jobless people are not required to register with stock exchanges. Employment exchanges are only permitted in industrial areas, and the industries are not required to hire people who have registered with the stock markets. As a result, their numbers are often limited to these regions. They may not be able to provide figures on the amount of covert unemployment. Youth who are currently working may register with the exchange in quest of greater prospects.

The Employment Exchanges (Compulsory Notification of Vacancies) Act of 1959 only applies to the public sector, and it is necessary for the private sector only up to a certain pay level that hasn't been updated. Because of this, it is actually up for debate how many individuals stand to gain from the trade. The dependence on employment exchanges has decreased with the establishment of the Staff Selection Commission, The Railway Recruitment Board, and the Banking Service Commission, since they can only gather data from the organised sector and not the unorganised sector.

### **Actions To Promote Employment**

Concerned about the rising rate of unemployment in the nation, Mr. Bhagwati served as the head of the Bhagwati Committee, which delivered its findings in 1973. One of the suggestions in the study was to implement unique programmes to combat poverty. The government implemented a variety of employment initiatives in response to these proposals. Here are a few of them:

1. Rural Works Programme (RWP)
2. Crash Scheme for Rural Employment (CSRE)
3. Small farmers Development Agency (SFDA)
4. Drought Prone Area Programme (DPAP)
5. Integrated Rural Development Programme (IRDP)
6. Development of Women and Children in Rural Areas (DWCRA)
7. Rural Landless Employment Guarantee Programme (RLEP)
8. Self employment Programme for Urban Poor (SEPUP)
9. Urban Employment and Anti-Poverty Programme (UEPP)
10. The Jawahar Rozgar Yojana

11. Training Rural Youth for Self Employment (TRYSEM)
12. National Social Assistance Programme
13. Urban Employment and Anti Poverty Programme

However, none of these initiatives can be referred to be pure initiatives to reduce unemployment. They are also known as projects for reducing poverty, programmes for rural development, and programmes for local development. The majority of these projects were supported by the federal government and carried out by state governments[7], [8].

### **IRDP**

The Integrated Rural Development Programme aims to reduce poverty and provide employment. This initiative was originally started in 1978–1979 in a small number of locations, block by block, and then in all areas by 1986. The IRDP was designed to promote independent and contract work. The Integrated Rural Development Programme (IRDP) intends to provide self-employment to the rural poor by helping them acquire productive assets or useful skills that would create extra income on a consistent basis and help them get out of poverty. Subsidies and bank credit are forms of assistance.

Small and marginal farmers, agricultural workers, and rural craftsmen who live in poverty were the target audience for the initiative. The benefit comes in the form of a subsidy that is 25% for small farmers, 33% for marginal farmers, agricultural workers, and rural artisans, and 50% for families from Scheduled Castes/Scheduled Tribes and physically disabled people. Families from Scheduled Castes, Scheduled Tribes, and physically challenged individuals are eligible for a maximum subsidy of Rs. 6000; for everyone else, the maximum subsidy is Rs. 5000 in DPAP- and DDP-affected regions and Rs. 4000 in non-DPAP/non-DDP areas. There is a guaranteed coverage of 50% for Scheduled Castes/Scheduled Tribes within the target population, 40% for women, and 3% for physically disabled people. The families are also given priority when providing aid. The programme in the ninth five-year plan has been carried out using an integrated approach under the running programmes of Development of Women and Children in Rural Areas (DWCRA), Ganga Kalyan Yojana (GKY), Training of Rural Youth for Self-Employment (TRYSEM), and Supply of Improved Toolkits to Rural Artisans (SITRA).

### **Programme for Rural Employment in the Nation (NREP)**

The NREP was introduced in October 1980, and starting in April 1981, it was a regular plan programme. The plan was anticipated to increase the amount of meaningful work in rural regions by 300–400 million man days annually, build enduring communal assets, and raise the nutritional condition and living standards of the underprivileged. Under this programme, an expenditure of Rs. 1620 crores was made available, of which Rs. 1280 crores from 1980–81 was to be split evenly between the Centre and the States. When it was agreed to support the cost of the food grains to be given under this Programme in 1983–1984, a significant step was made. For the distribution of wheat and rice under the Program, a subsidy of 37 to 40 paise per kg was made available. The regulations stated that 1 kilogram of food grains should be given to each male every day. The total amount of food grains made available each year between 1980 and 1985 and how much was used. An essential goal of this program was the development of long-lasting assets, which is also what really distinguishes the Food for Work Program apart from the NREP.

## RWP

In areas that had experienced prolonged drought, a rural works program was established in 1970–1971 with the primary goals of organising long-term projects to eliminate shortage relief and to create enough jobs through labor-intensive projects like major, medium, and minor irrigation works, soil conservation, afforestation, and village and district roads that were required to make the area suitable for agricultural production. This plan was renamed Drought Prone Area plan (DPAP) in the Fourth Plan following the mid-term evaluation and reoriented as an integrated area development programme with the aim of enhancing the land, water, livestock, and people resources of these regions. The scheme is now running in 511 blocks over 70 districts and 13 States.

A Task Force was established in 1980 to review the ongoing special programs and development initiatives undertaken under the DPAP, to study the program's current coverage, to establish objective criteria for the inclusion or exclusion of areas, to outline the key elements of the program's broad development strategy, and to determine the connections between the DPAP and other ongoing rural development programs. In its report, which the Task Force turned in in 1982, it offered various suggestions for enhancing the DPAP's influence and scope. While implementing the Task Force's recommendations, several States objected to the removal of certain regions from the 1982–1983 plan, while a few States even requested the addition of additional regions that they believed to be drought-prone.

The Department of Rural Development established an Inter-Departmental Group on DPAP/DDP in 1984 to review the submissions made by these States in order to include or re-include blocks under these programs. The Inter-Departmental Group's suggestions led to the addition of 120 blocks to DPAP and the removal of 16 blocks from the program. In order to increase the current coverage of 511 blocks (up till 1984–1985), a net addition of 104 blocks has been made. Since the program's commencement in 1973–1972 and up to 1992–1995, key sector operations have successfully developed 30 lakh hectares of land resources, 926,000 hectares of water resources, and 1782,000 hectares of pastures. Since April 1, 1995, this program has been carried out in accordance with watershed projects, and as of right now, 5956 of the 6265 watershed projects are in different phases of execution. The Sixth Plan's finance structure was based on an equal division between the Centre and the States. A block of financing of Rs. 15 lakhs each year has been the standard under the DPAP. 350 crores of rupees were allotted for DPAP under the Sixth Plan. Contrarily, the real spending came to Rs. 310 crores[9], [10].

The approach taken in the Sixth Plan for DPAP will be continued in the Seventh Plan, which will place more emphasis on initiatives that can help restore the ecological balance and raise per capita income through the effective exploitation of land and other natural resources, including sparse water resources, sparse rainfall conservation, and halting runoff in drought-prone areas. As a result, the initiative would continue to be carried out as an integrated area development initiative rather than a strategy that just aimed to enhance job prospects. Integrated district plans will be developed to achieve the goal of restoring the ecological balance of the area through the conservation of soil and moisture, development and management of irrigation, afforestation, restructuring of cropping patterns, and development of livestock resources. These plans will take into account resources available under sectoral programs as well as other special programs like NREP, RLEGP, and IRDP.

## CONCLUSION

This explores how employment policy might be used to address emergencies like pandemics and economic downturns. It examines how implementing policies like unemployment insurance, job retention plans, and skill-upgrading programs might lessen the negative impacts of crises on the labour market and promote economic recovery. This looks at how international collaboration affects employment policy. In order to meet the problems of a globalized labour market, it examines how international trends like migration and trade affect national employment policy and recommends for stronger cooperation. The abstract emphasizes the need of comprehending employment policy as a major force behind social and economic growth in its conclusion. Governments and policymakers may create effective and responsive employment policies that enhance fair job opportunities, lessen inequality, and support long-term economic development by using evidence-based methods. To guarantee that employment policies stay relevant and successful in an economic environment that is always changing, stakeholders must work together and engage in continual review, adaptive tactics, and cooperation.

## REFERENCES:

- [1] V. M. Oddo, P. J. Surkan, K. M. Hurley, C. Lowery, S. de Ponce, and J. C. Jones-Smith, "Pathways of the association between maternal employment and weight status among women and children: Qualitative findings from Guatemala," *Matern. Child Nutr.*, 2018.
- [2] H. Jang, "Association of SME and government policy factors with the creation of new employment: Manufacturing industry in Korea," *Soc. Sci.*, 2018.
- [3] M. R. Yan, K. M. Chien, L. Y. Hong, and T. N. Yang, "Evaluating the collaborative ecosystem for an innovation-driven economy: A systems analysis and case study of science parks," *Sustain.*, 2018.
- [4] G. Porter *et al.*, "Youth Livelihoods in the Cellphone Era: Perspectives from Urban Africa," *J. Int. Dev.*, 2018.
- [5] K. Tokimatsu *et al.*, "Energy modeling approach to the global energy-mineral nexus: Exploring metal requirements and the well-below 2 °C target with 100 percent renewable energy," *Appl. Energy*, 2018.
- [6] R. T. Sherba, K. A. Coxe, B. E. Gersper, and J. V. Linley, "Employment services and substance abuse treatment," *J. Subst. Abuse Treat.*, 2018.
- [7] G. Philippidis, H. Bartelings, and E. Smeets, "Sailing into Uncharted Waters: Plotting a Course for EU Bio-Based Sectors," *Ecol. Econ.*, 2018.
- [8] A. Ham, "The Consequences of Legal Minimum Wages in Honduras," *World Dev.*, 2018.
- [9] N. Nasiri and N. Hamelin, "Entrepreneurship driven by opportunity and necessity: Effects of educations, gender and occupation in mena," *Asian J. Bus. Res.*, 2018.
- [10] S. M. Illamola, C. Bucci-Rechtweg, M. M. Costantine, E. Tsilou, C. M. Sherwin, and A. Zajicek, "Inclusion of pregnant and breastfeeding women in research – efforts and initiatives," *British Journal of Clinical Pharmacology*. 2018.

## CHAPTER 22

### AN ANALYSIS OF CHILD LABOUR

---

Dr. Annu Bahl Mehra, Assistant Professor, Maharishi Law School,  
 Maharishi University of Information Technology, Uttar Pradesh, India  
 Email Id- [annu.mehra@muit.in](mailto:annu.mehra@muit.in)

#### **ABSTRACT:**

Child work is still a serious issue that affects society, economics, and children's health and development on a worldwide scale. This abstract provides a thorough review of child labour, looking at its fundamental origins, wide-ranging effects, and prospective mitigation techniques. The examination starts by looking at the many factors that contribute to child labour, such as poverty, lack of educational opportunities, insufficient legal safeguards, and cultural norms. It emphasizes how crucial it is to comprehend the environmental variables that lead to child labour as well as the abusive behaviors that feed this problem. The abstract explores the extensive effects of child work using empirical research and worldwide statistics. It looks at the negative impacts on children's long-term prospects, scholastic success, and physical and mental health, as well as the repercussions for the social and economic advancement of society. The study also analyses the function of national laws and international agreements in tackling child labour. It evaluates the efficiency of governmental initiatives in preventing child work and advancing children's rights, including social protection programs, compulsory schooling, and targeted awareness campaigns. The abstract also looks at how complicated supply networks are and how firms may help stop child labour. It examines the significance of CSR and ethical sourcing practises in establishing a market free of child labour.

#### **KEYWORDS:**

Agriculture, Child, Development, Government, Labour.

#### **INTRODUCTION**

The key component of the plan for reaching full employment is the creation of productive, well-paying jobs with respectable working conditions to accommodate our expanding working population. One of the main goals of any employment strategy should be to be able to provide meaningful work. In macroeconomics, "full employment" is a notion. A state of the economy known as full employment occurs when all or nearly all people who are willing and able to work at the going rates of pay and working conditions are able to do so. There is no unemployment when the economy is operating at full capacity. According to the pay cut policy, a decrease in real wages leads to an increase in the demand for labour and a decrease in the unemployment rate. Lower unemployment would be correlated with price increases. This is based on the idea that the forces of supply and demand determine the equilibrium pay rate. Fiscal policy refers to the method through which the government controls its outlays and receipts.

A company that offers job aid based on credentials and experience is called an employment exchange. The Integrated Rural Development Program aims to reduce poverty and provide employment. This initiative was originally started in 1978–1979 in a small number of locations, block by block, and then in all areas by 1986. The NREP was introduced in October 1980, and starting in April 1981, it was a regular Plan project. The plan was anticipated to increase the amount of meaningful work in rural regions by 300–400-million-man days annually, build



enduring communal assets, and raise the nutritional condition and living standards of the underprivileged. Youngster labour is when a youngster is employed while that child is younger than the legal employment age. Employing anybody under the age of 14 is against the law since they are seen as being minors. The issue of child work is one that troubles people's consciences [1], [2].

Among the factors contributing to the growth of child employment include poverty, a lack of education, ingrained family customs, and the potential for finding inexpensive work. The government has introduced many legislative measures to prohibit child work. Less pay, social unfairness, and appalling working circumstances define women's employment conditions.

For the health, welfare, and safety of women, several labour welfare laws have been established, including the Factories Act, the Equal Remuneration Act, and the Maternity Benefit Act. Small holdings, unstable employment, and subpar living conditions are a few of the issues faced by agricultural labourers. Development of Women and Children in Rural Areas (DWCRA), Abolition of Bonded Labourer Act, and Integrated Rural Development Program (IRDP) are national programs that train rural youth for self-employment.

Youngster labour is when a youngster is employed while that child is younger than the legal employment age. Employing anybody under the age of 14 is against the law since they are seen as being minors. The issue of child work is one that troubles people's consciences. Children are compelled to work at a young age when they should be cared for, educated, and allowed to enjoy childhood without restraint. Child labour poses two threats. They are deprived of their youth in the first place, and getting a job has an impact on their physical and emotional health.

### **The meaning of child labour**

Child labour is defined by the International Labour Organisation as "children leading adult lives before they are ready, working long hours for little pay in unsafe conditions that harm their physical and mental development." They are regularly denied access to chances for meaningful education and training that may pave the way for a brighter future and are sometimes separated from their families.

### **India's use of child labour**

In India, child labour is a serious issue. The prevalence of it is shown by the greater child labour participation rates in India than in other emerging nations. The threat of child work still remains despite government-initiated legal initiatives to address the issue and social welfare organisations' campaigns against it.

The Child employment (Prohibition and Regulation) Act, 1986 is a piece of law that solely targets the organised areas of production, which is a limited solution to the problem of child employment. The low level of legal compliance is another factor in the continued use of child labour. It is tragic that kids are being exploited at the expense of their education, which is essential to their growth.

Human Rights Watch said in 1996 that India is the main illustration of a country with a child labour issue. The biggest number of working children in the world, according to estimates, is in India, where there are between 60 and 115 million of them. A thorough examination of the reasons why child labour occurs in India, the impact of governmental policies on it, and the

contribution of education to child labour prevention in India may point in the direction of a potential solution[3], [4]. In 2001, there were 12.26 million working children in India between the ages of 5 and 14, up from 11.3 million in 1991, showing an upward trend in absolute numbers despite a decline in the work participation rate for children (5–14) from 5.4 percent in 1991 to 5 percent in 2001 (Source: National Sample Survey (NSSO)).

## DISCUSSION

### Reasons why child work is so common

There are several causes for child labor's existence. Some of them are as follows:

1. **Poverty:** Child labour is said to be primarily caused by poverty and population growth. For low-income households, child work is a source of money. The family's income should be supplemented by the children. In most situations, parents want to grow their families because they believe having more children would mean having more hands available for work. According to a study by the International Labour Organization's Bureau of Statistics, "Children's work was considered essential to maintain the economic level of households, either in the form of work for wages, help in household enterprises, or of household chores in order to free adult household members for economic activity elsewhere."
2. The survey discovered that, in certain instances, a child's income made up between 34 and 37 percent of the overall family income. This research comes to the conclusion that a poor family's ability to survive depends on the income of a child labour. Given that the majority of children work in their own families' businesses or on their own property, it is difficult to determine the number of children who are employed. This is apparent in the handicraft, textile, and handloom industries.
3. Child labour is inexpensive since it is possible to pay them less than adult equivalents for the same sort of labour. They are easier to control. Due to their lack of negotiating power, they are often exploited. They are designed to put in a lot of overtime. The apparel business is a glaring example of this abuse. Hotels, food stands, newspaper companies, garages, gas stations, rag picking, etc. are some of the businesses where minors are employed at wages below the minimum necessary for sustenance.
4. **India's social structure:** Due to the country's entrenched caste system, particularly in rural regions, the majority of members of certain castes and tribes are forced to work as indentured labourers due to a lack of employment possibilities. Some jobs that are only open to members of the upper class are not open to them. Lacking the means to educate their kids and unable to change the system, they continue to live in poverty. They are forced to put their kids to work.
5. **Lack of education:** Education raises awareness of the dangers of child work among the populace. In great part, undernourishment, maltreatment, and lack of education are to blame for children starting to work at an early age. Extra money is more welcome to child workers' parents than having to pay for their schooling. Even elementary school students are summoned back from class to help out in the fields.
6. **Family customs:** In several occupations, such as handlooms, handicrafts, and carpentry, it is customary for the offspring to continue the family business. They thus learn nothing else as a result. They begin assisting in the family company at an early age [5], [6].

### Actions Started to End Child Labour

The protection of children and the elimination of poverty are explicitly stated as being the concerns of independent India in both the Indian constitution and the Directive Principles of state policy. The following are clauses in our constitution that address ending child labour.

**Article 14:** No child below the age of 14 years shall be employed to work in any factory or mine or engaged in any other hazardous employment.

**Article 39-E:** The state shall direct its policy towards securing that the health and strength of workers, men and women and the tender age of children are not abused and that they are not forced by economic necessity to enter vocations unsuited to their area and strength.

**Article 39-F:** Children shall be given opportunities and facilities to develop in a healthy manner and in conditions of freedom and dignity and that childhood and youth shall be protected against moral and material abandonment.

**Article 45:** The state shall endeavour to provide within a period of ten years from the commencement of the constitution for free and compulsory education for all children until they complete the age of fourteen years. The following are the actions the government has made to end child labour: Since gaining independence, the government has prioritised eliminating child labour. A number of laws have been established to safeguard children. Here are a few noteworthy actions.

Child Labour (Prohibition and Regulation) Act of 1986, for example. This law aims to control juvenile employees' working conditions and prohibit their employment in dangerous fields. According to Article 24 of the Indian Constitution, "No child below the age of fourteen years shall be employed to work in any factory or mine or employed in any hazardous employment." The following are some of the Act's crucial provisions:

Every business has a set of required working hours. A youngster may not work more than those hours per week in any institution. No youngster should be required to labour for more than three hours without at least an hour of rest in between. Between the hours of 7 p.m. and 8 a.m., no kid should be authorised or compelled to labour. No kid should be compelled to work overtime or be allowed to do so. On any day when he has previously worked in another place, no youngster may be compelled or allowed to work in any establishment.

Bill for the Right to Education: In 2009, the Right to Education Bill was approved: All children between the ages of six and fourteen are entitled to free and compulsory education as a fundamental right under Article 21A of the constitution, according to the 86th Constitutional Amendment Act of 2002. This was the rationale for the passage of the right to education law. The elimination of the child labour issue that has plagued India for millennia depends on the grassroots implementation of this Act. The National Education Finance Corporation (NEFC) is tasked with providing funding for educational institutions under this Act [7], [8].

Rehabilitation of Children Involved in Dangerous Jobs. The Indian government started a significant programme in 1994 to rescue and rehabilitate kids engaged in dangerous jobs. It aimed to stop the use of child labour in dangerous jobs and rehabilitate the children by creating specific educational facilities for them. Two million youngsters are targeted for the programme,

who would remove them from the workforce and place them in special schools where they will get nourishment, health checkups, education, vocational training, and monthly stipends.

The National Authority for the Elimination of Child Labour (NAECL) was established. The National Authority for the Elimination of Child Labour (NAECL), a very effective organisation led by the Union Minister of Labour in the Government of India, was created on September 26, 1994. The following are some of the main duties of NAECL: The scheme's goals include establishing policies and programmes to end child employment, particularly in dangerous sectors, monitoring their implementation, and working with other departments and ministries.

#### The National Child Labour Project

The National Child Labour Project (NCLP), started by the Indian government, was introduced in 1988. The plan calls for the development of special schools for kid workers who are no longer required to work. In addition to a monthly stipend, these special schools provide formal and informal education, vocational training, and other supports. The scheme's amenities include things like food and medical treatment. In the ninth 5-year plan, the number of districts covered by the NCLP Scheme was raised to 100, and in the tenth plan, it was raised again to 250. All of these initiatives will result in the elimination of child work. In addition to the government, other non-profit groups are advancing the same aim.

#### Affairs Concerning the Labour of Women

According to Jawaharlal Nehru, "You can tell the condition of a nation by looking at its women's status." There are many issues that women face in general, but their worries surrounding the job market are particularly important. Numerous crimes are perpetrated against women, and they often experience injustice.

Numerous socioeconomic and political obstacles must be endured by them. Women are under more strain and responsibility. When it comes to the amount of work they must manage, they fall short of their peers. They have to juggle family responsibilities, job, and housework. Women now have more career options thanks to shifting societal norms. There is still a lot to be done, however. A woman has several obstacles in her career, with marriage and parenthood being the majority of her responsibilities.

The Indian Constitution not only guarantees women's equality but also gives the State the authority to take pro-women actions. Equal opportunity for all citizens in areas pertaining to work is guaranteed, as is equality before the law and equal protection under the law. Discrimination against any citizen on the basis of religion, caste, sex, or place of birth is also prohibited. The following clauses of the constitution restate that reality.

1. Women's equality before the law (Article 14)
2. Article 15 (1) forbids the State from discriminating against any person on the basis of their religion, race, caste, sex, place of birth, or any combination of these.
3. Article 15 (3) requires the State to make any specific provisions in behalf of women and children.
4. The State must focus its policies on upholding Article 39(a)'s right to an adequate means of subsistence for all people, as well as Article 39(d)'s guarantee of equal pay for equal labour for men and women.

The following are some of the issues that women employees encounter:

1. Wages for women are lower than those for males. Despite putting in long hours at work, women are still expected to take care of their domestic duties. Their earnings are seen as supplemental income. Particularly among labourers, it is not unusual to see the family's income decline due to the husband's vices, leaving the women in charge of paying the household bills. The fact that patriarchy exists on all levels is connected to the difficulties women face at work.
2. In certain industries where the task requires a great deal of dedication or continuous service, women employees are not favoured. Of course, this does not imply that women lack commitment. There is a pause in service due to the demands of the woman's domestic duties and the mandated breaks she must take after giving birth. This has an effect on their employment term. Women find it challenging to change jobs since they are less mobile than males.
3. The largest issue reported by working women is workplace harassment. Women don't report such crimes because of inadequate protection, societal shame, and a fear of social rejection. In agriculture, women have extreme difficulties. Women are often employed as landless labour. Laws and traditions regarding inheritance discriminate against widows and divorcees. The majority of plans are made with males in mind. Men must always take precedence over women when making decisions.
4. Due to lack of exposure and formal education, rural women have limited access to knowledge and technology. Due to their inexperience, they are reluctant to approach and start a conversation. Sometimes males find it humiliating to accept a woman's choice, thus even the advice of competent rural women is disregarded or not taken seriously. This is thus because males have historically been the main social legislators. Numerous judgements and policies discredit women's responsibilities and skills. The information on the percentage of women in each industry is listed below[9], [10].

### **Actions performed to protect the wellbeing of women employees**

**Pregnancy Benefit:** The goals of maternity benefits include protecting motherhood and controlling the employment of women in workplaces and factories. A pregnant woman has a right to 26 weeks of paid maternity leave during which time she may give birth to a child. Additionally, in the event of an early birth, miscarriage, or other issues, special leave with bonus is offered.

**The Factories Act:** It makes measures for worker welfare and safety, with particular attention paid to the needs of women employees. It is not permitted to employ women in industries at night. Men and women now work the same number of hours. There are restrictions on how much weight women may carry. Working near cotton openers is prohibited for women. It is a legal requirement for workplaces with 50 or more female workers to operate daycare centres for children under the age of six. Nursing breaks must be provided to moms whose children are younger than 1.5 years. Women in industries must have separate spaces for cleaning and washing.

**The Equal Remuneration Act** prohibits discrimination against women in employment, regardless of whether the work is the same or similar to that of men. According to Section 5, no

discrimination is allowed during recruitment or in any situation that arises after recruitment, such as a transfer, promotion, training, etc. Reservations have been made in the areas of education and employment in an effort to increase the chances for women.

### **Worker Concerns In Agriculture**

The five-year plan's main goal was to support the agriculture industry, which is the foundation of our economy. Agriculture employs a sizable workforce of cultivators, labourers, and agricultural employees. An individual who works on someone else's farm in exchange for money or a cut of the earnings is referred to as an agricultural worker. However, farm labourers are still a mistreated group. They suffer from underemployment, seasonal employment, and unemployment. Recent reports on farmer suicides have brought attention to the situation of India's agricultural labourers. The issues of agricultural workers might be categorized as follows for a better understanding:

#### **Worker classification in agriculture:**

There are many categories of agricultural labourers:

Agricultural labour who lack land: They may be further separated into permanent workers who are employed by farming families and temporary workers. Permanent workers often have a contract and work on a yearly or seasonal basis. Their compensation is based on custom or tradition. Contrarily, temporary or casual workers are only employed when demand for their services is at its highest. They are paid at the market rate, but their job is just temporary. Diminutive cultivators: Due to their marginal and sub-marginal holdings, these farmers make relatively little money. Additionally, they are separated into cultivators, share croppers, and lease holders. They are not linked to any particular landlords. Share croppers are people who work as workers in addition to sharing the land's yield as payment for their efforts. Tenants are those who do labour in addition to working on the rented property.

#### **Characteristics Of Agricultural Labourers**

The first step in identifying the issues is to learn more about the peculiarities of Indian agricultural labourers.

1. The majority of agricultural employees in India lack training. Their farms are modest in size, and they cultivate using conventional techniques. They are ignorant of current industrial techniques. They see their challenges and their way of life from a conservative perspective. Instead of whining, they embrace their suffering as their destiny. They are obligated to do a variety of household and agricultural tasks under the landlord's direction.
2. Most agricultural labourers come from underprivileged, disadvantaged groups. They never get the chance to make a stand. The landowners take advantage of their socioeconomic inferiority. They get paid less for their labour since they have little to no negotiating power. They have no locus standing since they are nomadic in nature. They don't own any property since they move around a much.
3. Our nation has a few isolated settlements with less than 1000 residents. Most of these settlements have a dispersed population of agricultural employees. It is challenging for them to band together or for the government to organise them for collective action. There are no similar efforts to organise in the agricultural sector, in contrast to the industry

where unions are dominant. They admit that they lack negotiating abilities and are uneducated and ignorant.

4. There is an imbalance between the supply and demand for agricultural employees. The bulk of these individuals remain unemployed after harvest since agriculture is a seasonal industry. The situation is somewhat better in places with numerous crops, but overall the workers do not have a consistent source of income.
5. The working conditions for agricultural employees are the same as those of bonded labourers. The landowners have total authority over them. In India, bonded labour has been most common in areas of poorer and lower-middle classes. The continuation of the servile circumstances is due to the ethnic makeup of the settlements, which determines social stratification.

### **Ideas for enhancing the working conditions of farm employees**

To help the agricultural workers' socioeconomic situation, the following ideas might be put forth:

1. Offering farm labourers other jobs.
2. Adherence to social security laws.
3. Controlling the employees' working circumstances.
4. Including them in the decision-making process.
5. Credit with flexible payment arrangements and lower interest rates.

### **CONCLUSION**

The difficulties in ending child employment, such as the informal economy, the patchy application of the law, and cultural values that normalise child exploitation. In order to promote a comprehensive and sustainable strategy, it emphasises the need of multisectoral cooperation including governments, civil society organisations, corporations, and international partners.

The summary concludes by emphasising the need of tackling child work as a violation of basic human rights and a barrier to societal advancement. Policymakers, researchers, and activists may collaborate to make the world free of child labour by comprehending its underlying origins, effects, and practical mitigation techniques. This calls for a multidimensional strategy that integrates laws, chances for education, social safety nets, and ethical corporate practises, allowing kids to reach their full potential and contribute to a more just and prosperous global community.

### **REFERENCES:**

- [1] A. C. Dammert, J. de Hoop, E. Mvukiyeye, and F. C. Rosati, "Effects of public policy on child labor: Current knowledge, gaps, and implications for program design," *World Development*. 2018.
- [2] C. Tang, L. Zhao, and Z. Zhao, "Child labor in China," *China Econ. Rev.*, 2018.
- [3] Y. Yuningsih, U. Salamah, and N. Nurwati, "Social protection for child labors," *Int. J. Eng. Technol.*, 2018.
- [4] E. S. Hamenoo, E. A. Dwomoh, and M. Dako-Gyeke, "Child labour in Ghana: Implications for children's education and health," *Child. Youth Serv. Rev.*, 2018.

- [5] N. Menon and Y. van der M. Rodgers, "Child labor and the minimum wage: Evidence from India," *J. Comp. Econ.*, 2018.
- [6] A. Thöni, A. Taudes, and A. M. Tjoa, "An information system for assessing the likelihood of child labor in supplier locations leveraging Bayesian networks and text mining," *Inf. Syst. E-bus. Manag.*, 2018.
- [7] O. Adonteng-Kissi, "Parental perceptions of child labour and human rights: A comparative study of rural and urban Ghana," *Child Abus. Negl.*, 2018.
- [8] B. L. Batomen Kuimi, O. Oppong-Nkrumah, J. Kaufman, J. I. Nazif-Munoz, and A. Nandi, "Child labour and health: a systematic review," *International Journal of Public Health*. 2018.
- [9] M. Boersma, "Between norms and practice: Civil society perspectives on the legitimacy of multistakeholder initiatives to eliminate child labor," *Bus. Strateg. Environ.*, 2018.
- [10] A. Radfar, S. A. Asgharzadeh, F. Quesada, and I. Filip, "Challenges and perspectives of child labor," *Ind. Psychiatry J.*, 2018.



## CHAPTER 23

### A BRIEF STUDY ON EMERGING ISSUES IN LABOUR ECONOMICS

---

Dr. Annu Bahl Mehra, Assistant Professor, Maharishi Law School,  
Maharishi University of Information Technology, Uttar Pradesh, India  
Email Id- [annu.mehra@muitt.in](mailto:annu.mehra@muitt.in)

#### **ABSTRACT:**

Due to its dynamic nature, the discipline of labour economics is always evolving as a result of changes in the global economy, improvements in technology, and shifting social trends. The rising concerns in labour economics are thoroughly examined in this abstract, with important trends, obstacles, and their consequences for stakeholders such as policymakers and academics being identified. Starting with the effects of technology advancements on the workplace, such as automation, artificial intelligence, and digital platforms. It talks about how the gig economy and remote work options are growing, how skill requirements are changing, and how possible job displacement is discussed. In order to overcome the problems caused by these technological disruptions, the abstract emphasises the significance of programmes for upskilling and re-skilling. The abstract considers the effects of demographic shifts, such as an ageing workforce and migratory patterns, by drawing on empirical research and statistics. It assesses how these demographic changes would affect labour market dynamics, retirement trends, and participation rates. It also talks about how age-inclusive policies are necessary to fully use a varied workforce's potential. Additionally, the article explores the recent problems of wage stagnation and income inequality. It talks on how pay gaps still exist, how labor's negotiating strength has decreased, and how this has an impact on social cohesion and the state of the economy. In addressing these issues, the research emphasises the function of labour market institutions, minimum wage laws, and income redistribution programmes.

#### **KEYWORDS:**

Development, Economy, Economics, Labour, Land.

#### **INTRODUCTION**

Following the devastation caused by the First World War, all nations recognised that social fairness must be the foundation of any sustainable peace if it is to be achieved. As part of the Treaty of Versailles that ended World War I, the ILO was established in 1919 with this goal in mind. As a tripartite multilateral organisation, the ILO is committed to bringing decent work and livelihoods, job-related security, and higher living standards to the people of both poor and rich countries. In order to achieve social justice, the ILO guarantees that employees will have certain rights at work, works to promote possibilities for decent employment, improves social protection, and fosters discourse on workplace-related problems. International worker Organisation (ILO) conventions and recommendations provide basic requirements for worker rights. Some of these rights ensure the ability to associate freely, organise, engage in collective bargaining, end forced work, and get equal treatment and opportunity. The primary goals of the International Labour Organisation are to promote and realise the standards, basic values, and rights of workers. increasing the chances of both men and women finding respectable jobs and earning a living. expanding social protection's reach and efficacy for everybody. Strengthen social discourse and tripartism.

### **Increase in Labour Market Problems**

The study of labour issues falls within the purview of labour economics. These issues might stem from personal employer-employee relationships or broad issues at the national level that have their root in the external forces impacting all of the difficulties together. It would be helpful to comprehend the factors that have led to the expansion of labour difficulties in order to comprehend the issues with labour. Some of them are listed below.

Agriculture is important since it contributes significantly to the Indian economy. For two thirds of the population, it is a source of income. Nearly 43% of the country's total territory is now occupied by it. Since the beginning of the liberalisation process in July 1991, India has developed into one of the major economies with the fastest rate of growth in the world. No less crucial than industry and services in recent years has been the contribution of agriculture and related sectors to India's economic development. India is now the third-largest food producer in the world. Mahatma Gandhi believed that agriculture was the foundation of the nation, which speaks volumes about its significance to the nation. Without villages and agriculture, India is unimaginable. India has advanced significantly from the miserable ship-to-mouth life of the 1960s as a result of the Green Revolution. In addition to food grains, the nation is currently a prominent exporter of a number of agricultural products. Despite making a sizable contribution to GDP, its relative significance has declined. The nation has transformed its agricultural economy to make place for industry. Some of the advantages and disadvantages of the rural culture were incorporated into the industrial structure as a result of this shift. The utilisation of agricultural land is declining as a result of urbanisation and industrialisation. Agriculture land has been used for commercial purposes over the last ten years. As a result, many agricultural labourers lost their jobs and moved to cities. The cities are under a lot of strain as a result. Numerous individuals have lost their jobs as a result of the mechanisation of industry, which almost eliminated all handcrafted manufacture[1], [2].

**Increased population growth rate:** There is no denying that India is experiencing a severe resource issue as a result of its worrisome population increase. Our water and land resources are being used to the fullest extent possible. Our forests, wildlife preserves, and overall environment are at danger due to the overuse of our mineral resources. Population growth has caused a decline in per capita income, an increase in the number of families living below the poverty line, and unemployment.

Indian labor's evolving profile: India's profile has changed significantly. This shift occurred from the colonial pattern, when there was minimal industry, to the post colonial pattern, where industrialization started to take off. In the backdrop of economic changes, the profile of Indian workers has also changed.

**Reverse:** The arrival of mechanised commodities that were less expensive in the countryside has hurt rural enterprises. Due to the intense competition from factory-made items, weavers, craftsmen, and home-based workers were impacted.

**The Land System just before Independence:** During British administration, land revenue was the colonial rulers' primary source of income. The "Permanent Settlement System," also known as the "Zamindari System," was established, and it eliminated the naturally occurring village community, which was built on the principles of custom and tradition. Absentee landlordism was a result of the Zamindari system. While the Zamindari system made the landlords the rulers of

the village communities, Daniel and Alice Thorner argued in their book "Land and Labour in India" that the Ryotwari system "cut through the heart of the village communities by making separate arrangements between each peasant and the state." As a result, wealth was concentrated in the hands of distant landlords at the expense of the people.

**Unprofitable holdings:** According to the National Sample Survey figures, 82% of holdings are less than 2 acres. This results in the farmed land being unsuitable for capital-intensive methods and poor production. Poverty occurs when a family's financial demands are not met by a tiny holding. Regional, social, and cultural disparities: In a nation noted for its cultural and social variety, this may also lead to issues. Economic and social differences exist in India. Regional, rural-urban, socioeconomic, and gender disparities might exist. Their effects may sometimes be detrimental, leading to a growing economic inequality [3], [4]. The rural-urban gap, where cities enjoy unheard-of economic success while rural regions endure economic stagnation, is another result of disparities.

## DISCUSSION

Globalization and liberalization policies: Since the start of liberalisation, globalisation, and privatization policies in 1991, the Indian labour market has seen significant changes. The internationalization of the economy has resulted in several advantageous developments in the work market. The unrestricted movement of products and services around the globe was made possible by abolishing trade restrictions, which intensified competition and raised economic efficiency. It had boosted economic development and produced many employments. Globalization is a mixed blessing, however. It improved job prospects and eliminated trade restrictions. The work market has also been impacted differently. Workers in developing nations were unable to match the level of expertise and technical advantage enjoyed by their developed counterparts as a result of the unexpected competition. As the unemployment rate rose, employees' negotiating power decreased. Casual and temporary employees, home workers, daily workers, part-time workers, and 'badli' workers were some of the labour class segments that were negatively impacted. The type of policies, their philosophy, and their execution have an influence on the employment market as well. The policy makers created economic and labour policies on the brink of independence to repair the harm brought on by colonial control, which was exploitative in character. The philosophy promoted the safeguarding of the sector by draconian governmental regulation. The Licence Raj was born as a result, and it was rife with red tape. There were several policy mistakes made after independence that affected the agricultural and industrial sectors. Failures in policy included, among other things, corruption, industrial disease, and industrial conflicts. Inconsistent government policy as a result of unstable administrations. Taxes and subsidies for agriculture are often abruptly adjusted for now-only political goals. These issues were not resolved by monetary or fiscal measures.

### Work problem social and psychological aspects

#### Social aspects of Employment Issues

Labour issues come in many forms. They are influenced by economic, social, political, and psychological factors. It is impossible to leave labor-related concerns to market forces. Institutional intervention is required to satisfy the interests of the employers on the one hand and those of the employees on the other. Government involvement balances the employment relationship to provide social fairness in addition to economic efficiency. Member nations are

required to abide by the norms of the International Labour Organisation. Whether it is capitalism, socialism, or communism, all economic systems have an impact on labour legislation. Labour issues have always been a top priority for many administrations. Political economy was the earlier name for economics. As a result, social and political factors are included in economic research. Social repercussions result from the issues of exploitation or unemployment. Due of their poverty, some turn to crime. Multiple societal ills may result from labour issues. Increased economic inequality, exploitation, and social shame are all related to the social side of labour issues[5], [6].

### **Psychological aspects of labour issues**

Labour issues can have psychological components. The sole human component in manufacturing is labour. Workers are not commodities. Employees have expectations and requirements. Depending on how they see the task and the workplace, they will either be able to or be willing to do it. Their motivation and work satisfaction increase their output. Employees in a company work together as a team. Therefore, the psychological dimensions of labour economics are shown through teamwork, recognition, and a feeling of belonging. Because a worker is a social creature who is emotionally linked to his family and his origins, migration and relocation might lead to psychological issues.

'Group action' is what the term collective refers to, while 'bargaining' is the act of negotiating or wrangling. As the name implies, collective bargaining involves both employees' and employers' representatives sitting across from one another at a table to negotiate employment, working conditions, and remuneration. Workers' individual negotiating power is limited. They are more powerful in negotiations as a group. The following benefits of the negotiating process might help you understand how important collective bargaining is in transforming a worker's position from that of an ordinary labourer to that of a negotiator:

1. The collective bargaining process is a helpful tool for talks between employers and employees as well as for resolving labor-management disputes. It provides the framework for Industrial Democracy when correctly implemented.
2. Because it integrates civil rights into the enterprise and mandates that management be governed by rules rather than arbitrary decision-making, it forms a system of industrial law. It creates guidelines that outline and limit the customary power held by management.
3. When employees demand their rights jointly, they also have a feeling of ownership over them, which boosts teamwork. Their productivity and morale rise as a result.
4. There is no room for collective action since all agreements are made jointly. However, since it was a mutual choice, the employees accept the agreement's provisions. There are no labour issues when management and employees are on the same page. Different tiers of collective bargaining
  1. National scale
  2. Industry or sector level
  3. A level of an organization

National Level Bargaining is a kind of bipartite or tripartite bargaining including central employer groups, union confederations, and governmental organisations. The associations of the industry and the national labour unions of employees will be involved. It tries to provide a

baseline for lower-level negotiations on employment conditions, often taking macroeconomic objectives into consideration.

### **Regarding the employment market, importance**

Instead of taking up individual worker complaints, the management finds it simpler to settle disagreements at the negotiating table thanks to the mechanism of collective bargaining. The practise of collective bargaining tends to increase workers' feelings of job security. Job security encourages employees, which in turn helps management by lowering the cost of labour turnover. The conversations that take place during negotiations act as the management and employee channels of communication. There are ways to develop employee involvement in management and raise employee involvement in decision-making. Collective bargaining is essential for resolving and averting workplace conflicts.

### **Collective bargaining's drawbacks**

Collective action is at the heart of collective bargaining, and if it's not done well, it might backfire. The following list of drawbacks includes some:

1. The discussions may really be dominated by a select few engaged workers.
2. Bureaucracy may cause the decision-making process to occasionally take longer than it should.

The interests and aspirations of the employees may not always be represented when other parties participate. Workers may really utilise it to oppose changes in manufacturing methods. They may not be adaptable to new ideas and changes. The negotiations and administration of the agreements are quite expensive.

### **Social security concept**

Social protection is described by the International Labour Organisation (ILO) as "the security that society furnishes through appropriate organisation against certain risks to which its members are perennially exposed." These risks are basically eventualities that a person with limited resources cannot adequately guard against on his or her own competence or foresight, much alone in private cooperation with others. Therefore, the mechanism of social security entails balancing logical planned justice with a dash of kindness to temper the blatant unfairness of nature and commercial activity.

Social Security may be summed up as all the initiatives taken to improve the worker's quality of life. Industrial employees struggle with issues that greatly affect their ability to make a livelihood. A worker's pay may barely be enough to cover basic expenses. His income comes exclusively from his work. The employee is at a loss if his income is interrupted by time away from work due to illness or an accident that leaves him disabled. A welfare state's cornerstone is social security measures. Social security is the kind of insurance that protects employees from unforeseen events in life. The goal of social security is to end poverty[7], [8].

### **Social Security is offered by**

**Social Assistance:** The worker's income level is taken into consideration when determining whether they are eligible for social assistance. Social assistance programmes are intended for the economically disadvantaged segments of the workforce who cannot afford social insurance.

**Social Insurance:** These programmes are contributory arrangements in which both the employer and the employee make financial contributions. A worker who pays into the plan is referred to as an insured worker and has access to the plan's benefits.

### **Indian Social Security Measures**

The Directive Principles of the State Policy, which are outlined in the Indian Constitution, serve as the inspiration for the social security programmes in India. These mandate the payment of social security payments, either entirely at the expense of the employers or jointly by the employers and the workers.

The organised work force, which is defined as employees who have a direct, regular employer-employee connection inside an organisation, is covered by social security provisions. Although workers are entitled to certain protections, it is mostly the employers' responsibility to ensure compliance. In addition to creating major socioeconomic changes, modernization and urbanisation also increase the hazards and conflicts that come with industrialisation. Health and safety issues arose as a result of the shift from a rural to an industrial economy, necessitating social security.

### **Social Security Laws**

The following are the main social security legislation passed in India:

The Employee State Insurance Act of 1948, or ESIC. It is a piece of social welfare law that was created largely with the intention of giving workers specific benefits in the event of illness, pregnancy, and workplace injuries. For non-seasonal, power-using factories or manufacturing units with ten or more employees as well as for non-power-using companies with twenty or more employees, the ESIC Act is applicable. Sickness benefit, disability benefit, maternity benefit, rehabilitation benefit, and funeral benefit are among the benefits made accessible by the Act.

### **The 1952 Employee's Provident Funds and Other Provisions Act**

It is a welfare law that was passed with the intention of fostering a saving culture among the workforce via required Provident Fund payments. It is applicable to all workers in factories and other enterprises where there were 20 or more employees on any given day during the previous 12 months. The Act aims to protect industrial workers and their families in old age, disability, early death of the breadwinner, and in some other contingencies by providing social security and timely financial assistance when they are in need and unable to meet the economic and social obligations. Employer and employee both contribute in the same amounts. In the event of retirement, resignation, disability, or death, the employee may take funds from the provident fund.

### **The Employees' Compensation Act of 1923**

An industrial worker must do their duties in hazardous and dangerous environments. They are sometimes forced to labour in potentially hazardous situations. Factory accidents may result in fatalities or disabling injuries. The worker's income is completely stopped in the event of death. Accidents may leave victims temporarily or permanently disabled. When a worker has an injury while working or as a result of their job, compensation is given to them. The level of impairment and the worker's wages at the time of the accident will determine the amount of compensation.

### **The 1961 Maternity Benefit Act**

This law provides a monetary compensation to female employees who get pregnant. The female worker is qualified for full pay as well as maternity leave. If a pregnancy-related illness, early delivery, or miscarriage occurs, an extra financial reward is provided.

### **Social Security Measures' Limitations**

Even while social security's policies attempted to account for every conceivable scenario, they had certain drawbacks. The 423 million unorganised workers in India include women, child labourers, and elderly workers. They also include contract labourers, casual workers, temporaries, home workers, domestic workers, time- or piece-rated workers, casuals, part-time workers, and own-account workers from the agricultural sector. Their salaries and incomes often fall below the poverty line. Due to illiteracy and lax enforcement, they are not protected by labour laws. The unorganised workforce often does not get social security, welfare, or health insurance. They typically encounter an inhumane or hostile social climate and are not structured in any way like trade unions or groups[9], [10].

As part of the Treaty of Versailles, which put an end to World War I, the ILO was established in 1919. The ILO is a tripartite global organisation committed to improving living conditions for individuals in both wealthy and poor nations by providing them with secure employment. India's reputation has changed significantly. This shift occurred from the colonial pattern, when there was minimal industry, to the post colonial pattern, where industrialization started to take off. In the backdrop of economic changes, the profile of Indian workers has also changed. Labour issues come in many forms. They are influenced by economic, social, political, and psychological factors. It is impossible to leave labor-related concerns to market forces. Institutional intervention is required to satisfy the interests of the employers on the one hand and those of the employees on the other. Social Security may be summed up as all the initiatives taken to improve the worker's quality of life. Social insurance programmes are contributory arrangements in which both the employer and the employee make financial contributions. A worker who pays into the plan is referred to as an insured worker and has access to the plan's benefits. Among the social security laws are the Employees' State Insurance Act of 1948, the Employees' Provident Funds & Miscellaneous Provisions Act of 1952, the Workmen's Compensation Act of 1923, and the Maternity Benefit Act of 1961.

## **CONCLUSION**

In addition, the green economy is developing and what impact it will have on the labour market. It looks at the possibilities for employment growth in the sustainable and renewable energy sectors as well as the need for a fair transition for those working in industries that are heavily dependent on carbon. Additionally, the looks at how work-life balance and mental health are becoming increasingly important in the workplace. It talks on the effects on employee productivity and job satisfaction of flexible work schedules, parental leave laws, and well-being initiatives. This conclusion highlights the need of tackling the new labour economics concerns in order to promote inclusive and long-term economic development. Stakeholders can create evidence-based policies that embrace innovation, guarantee social protection, and advance opportunities for decent work for all by acknowledging the transformative impact of technological advancements, demographic changes, income inequality, work-life balance, and the green economy. A proactive and flexible approach to labour market laws and practises is

necessary as the labour market continues to change in order to meet the difficulties and take advantage of the possibilities presented by the 21st-century economy.

#### REFERENCES:

- [1] N. O'Higgins and L. Pinedo, "Interns and outcomes: Just how effective are internships as a bridge to stable employment?," *Int. Labour Off.*, 2018.
- [2] S. Schotte, R. Zizzamia, and M. Leibbrandt, "A poverty dynamics approach to social stratification: The South African case," *World Dev.*, 2018.
- [3] D. Kannan, "Role of multiple stakeholders and the critical success factor theory for the sustainable supplier selection process," *Int. J. Prod. Econ.*, 2018.
- [4] P. Griffin, "Making usable pasts: Collaboration, labour and activism in the archive," *Area*, 2018.
- [5] S. Winship, R. V Reeves, and K. Guyot, "The Inheritance of Black Poverty: Technical Paper," *Econ. Stud. Brookings*, 2018.
- [6] C. Vampo, "Female Business Leaders and Young Female Entrepreneurs in Lomé (Togo): The Double Life of 'Superwomen' and their Domestic Burdens," *Enfances, Fam. Gener.*, 2018.
- [7] G. W. Kolodko, *Emerging market economies: Globalization and development*. 2018.
- [8] E. A. Jane, "Gendered cyberhate as workplace harassment and economic vandalism," *Fem. Media Stud.*, 2018.
- [9] V. Vaiman, P. Sparrow, R. Schuler, and D. G. Collings, *Macro talent management in emerging and emergent markets: A global perspective*. 2018.
- [10] R. D. Ejike, E. E. Osuji, J. A. L. Effiong, and C. G. Agu, "Gender Dimension in Agricultural Food Value Chain Development in Nigeria: The Women Perspective," *Int. J. Agric. Earth Sci.*, 2018.



## CHAPTER 24

### INTRODUCTION NATURE AND SCOPE OF INDUSTRIAL ECONOMICS

---

Dr. Ritu Meena, Assistant Professor, Maharishi Law School,  
 Maharishi University of Information Technology, Uttar Pradesh, India  
 Email Id- [ritu.meena@muit.in](mailto:ritu.meena@muit.in)

#### ABSTRACT:

Industrial economics is a specialised area of economics that focuses on the examination of government regulations, market dynamics, and industrial output. An extensive overview of the nature and application of industrial economics is given in this abstract, along with an explanation of its core ideas, major research areas, and value in comprehending the dynamics of industrial activity. The industrial economics, which is the study of business and industry behaviour within a larger economic framework, is the first step in the analysis. It places a strong emphasis on the contribution of industrial economics to the study of elements including manufacturing procedures, cost analyses, pricing strategies, and market competitiveness, as well as the relationship between business actions and market results. The abstract dives into the breadth of industrial economics, spanning numerous important areas of research, drawing on empirical studies and theoretical frameworks. Market structures such as monopoly, oligopoly, perfect competition, and monopoly are examples of these, each having unique effects on the performance and welfare of an industry. The research also investigates the influence of market strength, entry obstacles, and strategic relationships between enterprises on industrial behaviour. The abstract also covers the usefulness of industrial economics in determining how government policies affect industry activity. It looks at how regulations, antitrust laws, trade policies, and business subsidies affect market outcomes and promote industrial growth.

#### KEYWORDS:

Development, Economy, Economics, Industrial, Labour.

#### INTRODUCTION

The elements of economics dealing with the coordination of productive activities are referred to as industrial economics. According to Stigler (1968), industrial economics is the application of microeconomic theory to the study of businesses, markets, and industries. In other words, it entails using microeconomic theory to guide industrial decision-making. It investigates how businesses act strategically in a given environment. the market's structure and its participants' interactions. Industry refers to a group of enterprises, while company refers to a single organisation. For instance, the sugar sector would consist of all sugar production enterprises if there were only one plant producing the commodity.

Industrial economics and industrial organisation are concepts that are sometimes used interchangeably. In microeconomics, enterprises are categorised according to a variety of factors, including the quantity of customers and sellers, the differentiation of the products, the interdependence of the sellers, and entry limitations. The market frameworks in which the enterprises function vary. They might be doing business in a market with perfect or imperfect competition, a monopoly, or an oligopoly. Even while full monopolies and perfectly competitive markets are just theoretical concepts, the enterprises often function in oligopolies or imperfectly

competitive marketplaces. Some industries may exploit their dominating position as if they were a monopoly as a result of flaws in the market where they compete. Some sectors may become ill as a result of poor resource management. Therefore, industry regulation becomes essential. Governments also require regulation to direct technical advancements, provide job possibilities, and seek to manage technological advancements or make sure that socio-economic concerns are kept to a minimum[1], [2].

Due to the increasing complexity of business and the dynamic nature of the industry, industrial economics has become a distinct field of study. Industrial economics has its roots in the 18th century, but its significance has grown since the industrial revolution.

### **Industrial Economic Definitions**

It is "the application of economic methodologies and principles to the decision-making process within the firm or organisation." It is "the application of economic theory and methods to business and administrative decision-making." "The application of economic theory and the tools of analysis of decision science to examine how an organisation can achieve its objectives most effectively," is how Salvatore defines it.

### **Industrial Economics Parts**

The area of microeconomics that focuses on industrial units is called industrial economics. It examines their tactics and market dynamics. It creates and employs analytical methods that are firm, competition, market power, integration, innovative, and negotiation-focused in order to achieve this. Its nature include market structure, rules controlling competition, and the organisation and dynamics of industry. Additionally, it examines where industries should be strategically located. The characteristics of industrial economics are shown through the following aspects:

- 1. It is a subfield of economics:** Industrial Economics is the study of how to apply microeconomic ideas to business decisions. It entails a systematic analysis of industries based on empirical investigations, much like any other area of economics. Industrial economics' tenets are applicable everywhere.
- 2. The macro-economic approach:** While microeconomics examines singular individuals, macroeconomics focuses on aggregates. The market's dynamics make up the essence of industrial economics. Microeconomics is the study of how businesses earn a profit and their marketing approaches. On the other hand, macroeconomic notions include the levels of employment and the degree of industrialisation.
- 3. The economic developments:** They take the form of modifications made to economic activity. Because of technology developments or government policies, certain economic sectors may be expanding more quickly than others. For instance, in India, the five-year plans that were adopted after the country gained its independence moulded the economy in accordance with each new plan's goals. For the economy to expand in a balanced manner, this is being done. Industrial economics researches these government initiatives.
- 4. Market structure research:** The industries function under a variety of market structures, from a perfect competition to an oligopoly or duopoly. These market structures are all not ideal. As there is just one supplier and numerous customers under a monopoly, there is a lot of

potential for power concentration, which raises prices[3], [4]. Because there are just a few companies competing in an oligopoly, prices are unstable. Industrial economics investigates these marketplaces and proposes potential remedies for pricing, equilibrium, and profit maximisation. It provides answers to issues like unbalanced market structures or harmful competition.

## DISCUSSION

Industrial economics is concerned with the management and strategies of corporate entities as well as economic challenges and issues related to them. It also investigates the causes of corporate rivalry. It examines how industries develop, how their sectors or products are expanded, and how public policy fits into all of this. It examines the organisational structure, the interface between businesses and the government, how businesses engage with their customers, staff, and capital sources as well as the business environment as a whole.

### Industrial Economics' Importance

The use of economic ideas, theories, and analytical techniques in business is necessary due to the increasing complexity of operating a corporation. The rationale is that various market situations that commercial enterprises are working in. the knowledge of market circumstances, the kind and intensity of competition, and the character of the business environment. It is now commonly acknowledged that industrial economics plays a role in company decision-making. The following features of industrial economics help to explain it.

### Industrialization

The word "industry" mostly refers to manufacturing activities. Industrialization is the social and economic transformation that brought about the transition of humanity from a pre-industrial to an industrial civilization. Modernization, technical advancement, and mass manufacturing are characteristics of industrialization. Large-scale manufacturing facilities were created as a result of the industrial revolution. The industries were first powered by steam, but eventually converted to electricity. To assemble components in a repeatable manner, the mechanised assembly line was developed. Individual employees would carry out certain tasks along the way. This resulted in considerable efficiency gains, which reduced process costs overall. Later, automation replaced human operators more and more. The industrialization of the economy, which was formerly dominated by agricultural production and employment, brought about transformation. When industrialization is taken into account, the gains far outweigh the drawbacks. They make sense in the following situation.

### Benefits of industrialization

**1. An expansion of work possibilities:** There was a rise in the number of industries with the onset of industrialisation. There was an influx of employees into the factories hoping for higher paying job due to the poor earnings of farmers and the new possibilities individuals discovered in the new industries. Power, roads, transportation, communication, banking, insurance, and other infrastructure all advanced to support the expansion and development of the enterprises. When economic specialisation or the division of labour first emerged, all positions had specific responsibilities. According to Maizels (1963), industrialization is essential for a nation's growth since it increases revenue, creates and expands job possibilities, promotes trade and commerce, and quickens the rate of capital creation and technological

advancement. According to Simon Kuznet (1948), industrialization is "the continuous increase in the share of non-agricultural sectors in the national economy, accompanied by a marked rise in total industrial output and the diffusion of cutting-edge technology." According to Jozsef Bogner, industrialization is an economic and social process that affects not only the technical standards of the given nation but also consumer behaviour, thought patterns, and the way that actions, processes, and events in the given society are organised. According to Kerr (1962), industrialization contributes to a higher level of general education for all people since it stimulates natural interest for formal education as earnings grow and allows for more worker flexibility. According to Prasad (1957), the effects of rapid industrialization will by no means be limited to the economic sector of people's lives, effectively influencing the rate and process of saving and employment, as well as positively influencing social life and laying the groundwork for further industrialization. Thus, the process of industrialization in a given area affects people's lives in both the economic and social spheres, increasing opportunities for education, better housing, public health, and other infrastructure facilities, as well as the economic sphere by increasing income and employment opportunities.

2. **Higher level of life:** Industrialization raised everyone's standard of living globally. However, the nations where industrialization took place initially were those where the improvement in the level of life was first apparent. The industrial revolution was initially experienced by Great Britain. People moved from underdeveloped rural regions to cities because there was more money and a higher quality of life there. The development of medications led to an improvement in life expectancy. The Industrialists, or wealthy company owners, were a new economic class that emerged as a result of general industrialization. Mechanised mass manufacture of the items allowed for decreased retail prices. People's buying power grew as a result.
3. **Increasing innovation:** Technological advancements boosted production across the board. Great innovations were also made possible by industrialization. Suez Canal, Paraná Canal, and Eiffel Tower (1889) are among engineering and building marvels. In the late nineteenth century, the telegraph and railway linked the majority of large cities. Thomas Alva Edison's lamp (bulb) started to replace candles and lamps, and soon all industrialised countries could produce electricity for lighting and other systems. Some of the nineteenth and twentieth century's innovations, such the telephone, radio, vehicle, and aeroplane engine, contributed to both the advancement of science and the quality of life.
4. **Diversification potential:** Industrialization created opportunity for this as well. The process of diversification involves introducing new items into existing markets. Production facilities may expand their current skills and resources and offer new goods in new markets. Business prospects grew as a result of globalisation and industrialisation, and the diversification process is crucial to the organization's long-term development and success. People used to work in professions that had been passed down via tradition prior to widespread industrialisation. They had no other options for employment. They were unable to transfer the loss risk from one firm to another. Industrialization was responsible for all of these changes[5], [6].
5. **Increase in international commerce:** Mass manufacturing has allowed for a global boom in trade. International commerce is the transfer of capital, products, and services between different nations and areas. A wider range of foreign markets became accessible because to highly developed transportation. The gross domestic product of a nation is mostly comprised

of its international commerce with other nations. It is not a brand-new idea. International commerce was also present before industrialisation. International commerce took place throughout the 14th and 15th centuries, when merchants utilised the Silk Route to convey spices and silk. Economic development is now mostly attributed to international commerce. In his "Principle of Comparative Advantage," the classical economist David Ricardo demonstrated that nations profit from trade as long as the exported items have differing relative costs. Due to the relative cost of production, the exporting nation profits from the net gains of trade. This is often referred to as the manufacturing opportunity cost. It raises the nation's level of domestic competition.

- 6. Support for agriculture:** Mechanisation of agriculture led to several technical advancements in agriculture that cut costs. It raised agricultural output and provided the farmer with revenue. The demand for manufactured products increased as rural incomes rose, both for personal consumption and for use in agricultural production. The rise in domestic manufacturing demand boosted earnings, which were then used to purchase agricultural products. So, via the use of technology, industrialisation enhanced agricultural production. The demand for agricultural goods has grown in India due to improving living standards, an improvement in calorie consumption, and changes in the composition of food.

### **Industrial Development and Economic Growth**

The expansion of the manufacturing sector is referred to as "industrialization". Thus, it is a component of the much larger process of economic growth that entails enhancing the quality of life via a consistent rise in the efficiency of the production-related components. India is a nation in development.

The main goal of economic growth in this country must be to increase agricultural workers' output. However, after a certain degree of growth has passed, it could be more economical to move the excess workers to more lucrative industries like manufacturing. As a result, industrialization and economic development are closely related.

### **Indian industrialization history 1850 - 1874**

In 1851, the construction of the railway line gave India its first taste of industrialization. The first significant large-scale industry was then established, the cotton textile industry, in 1854. In 1948, after India's independence from British domination, it was given the chance to create its own industrial strategy. The diversified economy that served as the policy's cornerstone allowed for the government to envision the planned growth of many businesses. India continued to export food and raw materials while importing manufactured goods throughout the post-independence era, according to the classification of industries based on reservations. The jute sector has advanced in a surprising and spectacular way [7], [8].

### **1874-1914:**

A number of paper mills were developed in the nation around the end of the 19th century. The two most important paper mills were the Titaghar Paper Mill, founded in 1882, and the Deccan Paper Mill, founded near Poona in 1889. An period of industrialization began with the foundation of the Tata Iron & Steel Co. Ltd. in 1907.

## **The First World War (1914–18) and development**

At the onset of the First World War, the industries for sugar and cement were also established. The nation benefited greatly from the production of pig iron and steel at Tata's mill in Jamshedpur during the First World War. The cement industry had spectacular growth during this time, and by 1935–1936, it was able to provide nearly 95% of the nation's entire demands. During this time, there was a significant expansion in the production of numerous technical industries, glass, vanaspati, soap, and matches. The Second World War and the years after it provided a significant spur for the development of Indian industries to the fullest extent possible. Ferro alloys, non-ferrous metals, diesel engines, pumps, bicycles, sewing machines, soda ash, caustic soda, chlorine, and super phosphate are just a few of the new industries that have emerged. Additionally, the production of cutlery, basic equipment, and medicines began. During the postwar period, industries including caustic soda, cement, sheet glass, and fertiliser saw significant growth.

## **Development throughout the Planning Period**

Agriculture, irrigation, and electricity received the majority of attention in the First Five Year Plan. The amount of money invested overall that was designated for industries and minerals was around 8%. Cotton textiles, sugar, vegetable oils, cement, paper, and petroleum refining all saw significant production.

## **Industrial Licensing Policy**

The industries (Development & Regulation) Act, 1951 governs industrial licencing. Those that would be reserved for development in the public sector, those that would be permitted for development through private enterprise with or without State participation, and those in which investment initiatives would typically emanate from private entrepreneurs were the three categories of industries identified by the Industrial Policy Resolution of 1956. The policy has changed throughout time in light of how the industrial landscape of the nation has changed. Occasionally, policies and processes governing industrial licencing have been loosened. The continuance of this transformational process is necessary to fully realise the nation's industrial potential.

To accomplish the goals of the Industrial strategy in 1990, changes were made to the system of industrial approvals. It was thought necessary to create a setting where aspiring businesspeople might seize possibilities. Significant procedural and policy changes were undertaken. Government policies and practises were designed to support business owners in their endeavours. Government's function shifted from exercising control to offering advice. Delays were removed, and procedures were made visible.

Private sector companies have increasingly been permitted to enter several of these sectors on a case-by-case basis as the system of reservations for public sector operations has been developing towards an attitude of more flexibility. Regardless of investment levels, industrial licencing was eliminated for all sectors with the exception of those mentioned. The industries that were specifically mentioned dealt with issues of safety, environmental protection, social responsibility, manufacturing hazardous goods, and elitist consumption items. This has benefited several small and medium-sized businesses. List of the industries for which industrial licencing is now required.

1. Coal and Lignite.
2. Petroleum (other than crude) and its distillation products.
3. Distillation and brewing of alcoholic drinks.
4. Sugar.
5. Animal fats and oils.
6. Cigars and cigarettes of tobacco and manufactured tobacco substitutes.
7. Asbestos and asbestos-based products.
8. Plywood, decorative veneers, and other wood based products such as
9. particle board, medium density fibre board, block board.
10. Raw hides and skins, leather, chamois leather and patent leather.
11. Tanned or dressed fur skins.
12. Motor cars.
13. Paper and Newsprint except bagasse-based units.
14. Electronic aerospace and defence equipment; all types.
15. Industrial explosives, including detonating fuse, safety fuse, gun powder, nitrocellulose and matches.
16. Hazardous chemicals.
17. Drugs and Pharmaceuticals (according to Drug Policy).
18. Entertainment electronics (VCRs, Colour TVs, C.D. Players, Tape Recorders).
19. White Goods (Domestic Refrigerators, Domestic Dishwashing Machines, Programmable Domestic Washing Machines, Microwave Ovens, Air Conditioners).

### **Monopolies Restrictive Trade Practices Act**

#### **The 1969 MRTP Act**

The Monopolies and Restrictive Trade Practices Act of 1969 seeks to defend consumer interests, limit monopolies, outlaw monopolistic, restrictive, and unfair trade practices, and prevent the concentration of economic power to the detriment of the general welfare. Monopolistic trade practices are those that represent an abuse of market power in the creation and marketing of goods and services by excluding potential competitors from the market and taking advantage of the control over the market by levying excessive prices, preventing or reducing competition, restricting technological advancement, lowering product quality, or by implementing unfair or deceptive trade practices[9], [10].

#### **Purposes of the Act**

The Monopolistic and Restrictive Trade Practices Act, 1969, was passed in order to: prevent the concentration of economic power in the hands of a small number of people; ensure monopolies are controlled; and outlaw monopolistic and restrictive trade practices. All of India is covered under the MRTP Act, with the exception of Jammu & Kashmir. The following entities were excluded from the Act's initial application: Any company or enterprise owned or controlled by the Government. Any business that is owned or controlled by a corporation but isn't one that was created by or in accordance with a federal, provincial, or state law. Any trade union or other group of workers or employees that was established with the purpose of providing them with a decent level of protection. any business operating in an industry whose management has been taken over by a person or group of people with the Central Government's authority. any business that is run by a cooperative organization that was created and registered in accordance with a federal, provincial, or state law. any kind of institution for money.

The MRTP Act, which eliminated all the limiting requirements, however, brought about significant improvements. It was no longer necessary for so-called MRTP enterprises to review investment choices prior to admission. Instead of making it essential for the monopoly house to acquire prior clearance from the Central Government for growth, foundation of new operations, merger, amalgamation, and takeover, the focus was on controlling and regulating monopolistic, restrictive, and unfair trading practices.

### CONCLUSION

The role of industrial economics in handling modern problems and possibilities is also highlighted in the article. It looks at how factors such as the global economy, technological development, sustainable practices, and the digital economy have an impact on industrial operations and call for new policy frameworks and analytical methodologies. Additionally, the investigation looks at the connections between industrial economics and other areas of economics, including labour economics, international economics, and development economics. The significance of industrial economics in giving a thorough knowledge of economic processes within the industrial sector is emphasized, as well as the field's multidisciplinary character.

This conclusion highlights the importance of industrial economics in shedding light on how markets operate, how industries work, and how these factors affect policy. Industrial economics aids in the educated decision-making of policymakers, corporate executives, and academics by examining company behaviour, market structures, and governmental actions. Industrial economics is still a useful field for comprehending and resolving the difficulties and possibilities that contemporary economies and industries confront as they continue to change in response to diverse economic, technical, and regulatory influences.

### REFERENCES:

- [1] W. Mingran, Z. Min, and W. Zhaodan, "The Coordination and Dynamic Relationship of the Industrial Energy Consumption, Economic Growth and SO<sub>2</sub> Emission —Analysis of Time Series Data of China from 1990 to 2016," *Environ. Process.*, 2018.
- [2] H. Li, J. Zhang, E. Osei, and M. Yu, "Sustainable development of China's industrial economy: An empirical study of the period 2001-2011," *Sustain.*, 2018.
- [3] Ö. Özak, "Distance to the pre-industrial technological frontier and economic development," *J. Econ. Growth*, 2018.
- [4] C. A. G. Gadelha and J. G. Temporão, "Development, innovation and health: The theoretical and political perspective of the health economic-industrial complex," *Cienc. e Saude Coletiva*, 2018.
- [5] J. He and P. Zhang, "Evaluating the coordination of industrial-economic development based on anthropogenic carbon emissions in Henan Province, China," *Int. J. Environ. Res. Public Health*, 2018.
- [6] A. V. Fomina, O. N. Berduygina, and A. A. Shatsky, "Industrial cooperation and its influence on sustainable economic growth," *Entrep. Sustain. Issues*, 2018.
- [7] J. Mokyr, *The British industrial revolution: An economic perspective*. 2018.



- [8] S. Wang and R. Li, “Toward the coordinated sustainable development of urban water resource use and economic growth: An empirical analysis of Tianjin City, China,” *Sustain.*, 2018.
- [9] D. B. Audretsch, “Industrial Organization and the Organization of Industries: Linking Industry Structure to Economic Performance,” *Rev. Ind. Organ.*, 2018.
- [10] Y. Chen and Z. Fang, “Industrial electricity consumption, human capital investment and economic growth in Chinese cities,” *Econ. Model.*, 2018.

## CHAPTER 25

# ECONOMIC REFORMS AND LIBERALIZATION

---

Dr. Ritu Meena, Assistant Professor, Maharishi Law School,  
Maharishi University of Information Technology, Uttar Pradesh, India  
Email Id- [ritu.meena@muit.in](mailto:ritu.meena@muit.in)

### ABSTRACT:

Global economic transformation is now being driven by economic reforms and liberalisation. The consequences, developments, and difficulties of economic reforms and liberalisation policies in different nations are thoroughly examined in this abstract, with particular attention paid to how they affect trade, investment, social welfare, and economic growth. This starts by clarifying the idea of economic reforms and liberalisation, emphasising its primary goals of developing market-oriented economies, cutting down on government interference, and encouraging private sector engagement. Deregulation, privatisation, and trade liberalisation are examined in detail, with an emphasis on the justification for these changes in policy. The abstract investigates the effects of economic reforms and liberalisation on economic growth and development, using on empirical research and case studies. It examines the effects of these policies on innovation, productivity, and competitiveness as well as their contribution to luring foreign direct investment and promoting trade openness. The report also explores the socioeconomic effects of economic liberalisation and transformation. While acknowledging the possible difficulties in guaranteeing fair benefits for all facets of society, it addresses the effects on income distribution, poverty reduction, and social safety nets. The abstract also assesses the success of various nations in adopting economic liberalisation and reforms, taking into account their experiences with regional integration, structural adjustment programmes, and market openness. It illustrates instances of achievement as well as places where further development is required.

### KEYWORDS:

Development, Economic, Economy, Liberalization, Social.

### INTRODUCTION

Prior to liberalisation, India's economy was internally focused and shielded from outside competition. India has a strategy of preventing foreign companies from entering its marketplaces in the name of self-reliance. Licensing-based rules were stringent. Indian companies lacked the technical sophistication required to compete in the global market since they were not forced to confront competition. Investment was very low, and capital goods imports were tightly regulated. The size and location of corporate units were also subject to government limitations. The Monopolies and Restrictive Trade Practises Commission (MRTP) served as a check on industrial enterprise dominance. The capital market did not stimulate foreign investment either. Under our socialistic societal structure, heavy industries and agriculture saw growth. The government's meddling via the MRTP Act was lessened as a result of the increasing complexity of industrial structure and the necessity to achieve economies of scale in order to ensure high productivity and competitive advantage in the global market.

The following developments were brought about through the reform process:

The repercussions of the liberalisation of economic policy extended both domestically and internationally. The world economy was opened to India, enabling for capital investment. Following 1991, India's economic strategy underwent a dual transformation at both the national and international levels. By enabling unrestricted capital investment into and out of India, it aimed to globally integrate the Indian economy with the global economy. On a national scale, the corporate climate was liberalised, allowing free market forces to flourish. The public sector's importance and function have been significantly diminished. Disinvestment in government projects was permitted.

The economy is now more accessible to foreign involvement and investments according to the new economic plan. The service sector has made tremendous advancements in sectors including tourism, healthcare, banking, and finance. As a result, not only have more firms entered the Indian market, but also several Indian enterprises have undergone mergers and acquisitions. This has forced Indian businesses to take notice and reevaluate their strategy, practises, and line of business[1], [2].

### **Moderate Sized Industries**

What a tiny industry means: A small-scale industry is one that is privately owned and run, has a limited workforce, and produces a lot less than average amounts of goods. They get less investment in infrastructure and capital. Small-scale industries have several definitions depending on the historical period. They were initially divided into two groups: those who used power and had fewer than 50 workers, and those who did not use electricity but had between 51 and 99 employees. However, the fundamental criterion used to distinguish small-scale enterprises from large- and medium-scale industries has been the capital resources invested in structures for plant and equipment. If an industrial unit meets the capital investment threshold set by the Government of India for the small-scale sector, it may be categorised as a small-scale unit. According to the most recent definition, the following need must be met for any industrial unit to be considered a small scale industrial unit: Investments in fixed assets, such as machinery and equipment, that are either leased or purchased on hire-purchase terms or on ownership terms shall not exceed Rs. 10 million.

The small-scale industries (SSI) sector has risen to the top of the national economy. It has made a major contribution to the expansion of the GDP, the creation of jobs, and exports. The SSI industry saw consistent growth from 2000–01 to 2004–05 in terms of units produced, employment, and even exports (up until 2002–03). While employment increased by 4.4 percent yearly throughout this time, the average annual rise in the number of units was around 4.1 percent.

Issues with small-scale units However, the small business sector has a number of issues that prevent it from reaching its full development potential. Access to timely and enough finance, technical obsolescence, infrastructure bottlenecks, marketing restrictions, and a profusion of laws and regulations are a few of the sector's biggest issues. Small scale industries may seem little in terms of investment and output, yet they are crucial to the growth of an economy as a whole. Small-scale industries produce mostly via labor-intensive methods. This is supported by the fact that around 1 crore 90 lakh individuals in India are now working in this sector. They have a huge potential for creating jobs. Depending on the clear benefits, it is possible to underline the power of small-scale enterprises. Some of them are listed below.

### Aspects of Small-Scale Industries that Are Advantageous

The majority of small businesses make consumer items. They are able to provide individualised service because of their modest manufacturing volume. Small-scale enterprises may be described as using labor-intensive manufacturing methods. This makes it easier for an overpopulated nation like India to absorb extra workers. The issue of unemployment and poverty is lessened by providing jobs to millions of individuals. They have contributed more to the fair distribution of national revenue than their medium- or larger-sized equivalents because of their labor-intensive nature[3], [4]. They allow the economy to flourish in a balanced manner. Small-scale enterprises aid the economy in fostering the balanced growth of industry across all of its areas.

### DISCUSSION

This sector of the economy assists many social groups in developing the skills necessary for entrepreneurship. Small-scale industries serve as a crucial conduit for the effective use of the resources and skills that are locally accessible. The government gives small-scale businesses a lot of support and encouragement by shielding them from large-scale businesses' direct rivalry, providing capital subsidies, leniently taxing this sector, and many other ways. SSI have made significant contributions to reducing regional imbalance, stimulating entrepreneurship, exporting, creating jobs, and hastening economic growth. A small scale enterprise is defined by the government as an industrial undertaking where the investment in fixed assets, such as equipment and machinery, whether held on ownership terms, on lease, or on hire purchase, does not exceed Rs. 10 million.

Under the leadership of Dr. S.P. Gupta, a Member of the Union Planning Commission at the time, a Study Group was established by the UPC to examine the issues facing the Small Scale Industries (SSI) sector and to recommend both new and modified policy approaches. In March 2001, the Study Group turned in their report. The Study Group made the point that the small business sector's function in the next ten years must be regarded in the dynamic perspective of a world that is changing.

The current trend is towards globalisation and liberalism. The mode of production and its system will be decided by market forces. The idea was put up that Small Scale Enterprises (SSEs) would need to transition from a system of a protected environment to one of competition. The government must play the role of a facilitator.

The following considerations should be considered when creating policies, initiatives, or plans for the growth of small businesses: Only small businesses, apart from the service sector, have seen job growth at a period when employment in the agriculture sector is stagnant and major industries is seeing "zero employment growth."

The necessity for policies and activities that support job creation is crucial in an economy with a workforce surplus like India's. The SSE Sector requires specific assistance since it has several disadvantages. All around the globe, even in industrialised nations, the SME sector does get particular consideration and assistance.

The government of India has designated a number of items for small-scale manufacturing in order to promote the development of small-scale companies in that country: Pickles and chutneys, bread, mustard oil (but not solvent-extracted), and groundnut oil (but not solvent-extracted) are examples of food and allied industries.

### **Wood and Wood Products: Furnishings made of wood**

**Paper Products:** Textbooks and Registers Other Chemicals & Chemical Products: Wax candles, laundry soap, safety matches, pyrotechnics, agarbatties Injection Moulding Thermo Plastic Product, PVC Pipes

**Glass bangles:** Glass and Ceramics; Mechanical Engineering, except transport equipment; Steel almirah; rolling shutters; steel chairs of all varieties; steel tables; steel furniture of all sorts; padlocks; stainless steel utensils; aluminium household utensils.

### **Community Industry**

Cottage industries are specialised types of small-scale businesses where products are produced in houses with just family members providing employment. The equipment or methods used to produce the goods are often the same ones used in houses. The fundamental characteristic of a cottage business is that it is essentially unorganised and falls under the category of small-scale industry. These sectors mostly create consumable goods using age-old methods. As a result, this business boosts the economy by using a sizable portion of the excess labour in the rural economy. Cottage industries vary from big-scale businesses in that they don't create goods in vast quantities. Such cottage enterprises have been around since the beginning of time. But by the middle of the 18th century, the industrial revolution had arrived, dividing all industries into two groups. industries where mass manufacturing took place in large factories and mills with the use of expensive equipment. smaller industry where employees worked individually and only with their human resources to manufacture fewer things.

Handlooms are used in cottage industries to create exquisite and artistic wool and silk shawls, sarees embellished with gold and silver lace, and artistic items made of sandalwood, ivory, gold, silver, brass, and copper. The major threat to this business is posed by huge, capital-intensive, medium-sized enterprises that are headquartered in factories.

This is as a result of the huge industries' extensive use of low-cost technology, which enables them to provide the goods at cheap prices. On the other hand, the cottage industry mostly relies on labor-intensive conventional manufacturing methods that are often not cost-effective, driving up the cost of their goods. As a result, the Cottage Industry's goods run the danger of becoming extinct if the government doesn't provide adequate financial or other forms of assistance.

Even the government has acknowledged the value of cottage enterprises and has included them in neighbourhood initiatives and rural rehabilitation programmes. The government currently offers funding and technical support to cottage businesses that produce things like handmade paper, beekeeping equipment, metal objects, woven goods, etc.

Some state governments have even restricted the production of certain goods to cottage businesses and prohibited the use of equipment designed for factories in these sectors. These include the colourful saree and bidi industries, among others.

Consequently, cottage businesses are unable to manufacture items on a large scale like factories, but their creations are more artistically superior and have a more personal touch than factory-produced goods. They provide employees in villages a welcome source of income and employment, which turns into a significant contributor to social welfare[4], [5].

## Legitimate Industries

Large-scale industries are those that need a lot of capital investment, a lot of labour, and a lot of infrastructure. The phrase "large scale industries" covers a wide range of sectors. The big scale industrial arena includes all of India's heavy industries, including the iron and steel, textile, car manufacturing, and telecom sectors. The expansion of the Indian economy, the production of foreign currency, and the provision of employment opportunities for millions of Indians all rely significantly on these huge enterprises.

## India's public sector's role

Few 'Public Sector' businesses operated in the nation before Independence. The Railways, Posts and Telegraphs, Port Trusts, and Ordinance Factories were some of them. The public sector gave the economy the necessary boost and developed and nourished the human resources, a crucial component for the success of any business, whether it be public or private. The public sector has historically been the chosen tool of the state for preventing economic power concentration and achieving welfare state goals. Public ownership and control in key economic sectors have been crucial in limiting the consolidation of economic power, minimising regional inequities, and guaranteeing that planned development promotes the general welfare. According to the Industrial Policy Resolution of 1956, the major goals of establishing the public sector firms were to:

1. Contribute to the nation's fast industrialization and economic growth and to provide the essential infrastructure for economic development.
2. To generate a profit and make use of resources for development.
3. To encourage the wealth- and income-redistribution process.
4. To open up job chances.
5. To encourage regional growth that is balanced.
6. To encourage import alternatives, conserve, and generate foreign currency for the economy.

Clearly stated in the Second Five Year Plan document, "All industries of basic and strategic importance or in the nature of public utility services should be in the public sector." The public sector has to grow quickly, it had further emphasised. It must have a decisive role in determining the whole pattern of investment in the economy, in addition to starting initiatives that the private sector is either unable or unwilling to carry out. From Rs. 29 Crores in 5 PSU on April 1, 1951, to Rs. 2,52,554 Crores in 240 PSU in 2003, the investment in public sector firms has increased.

The Industrial Policy Resolution of 1956 has given the public sector a considerable role. Through many economic investments, the public sector has come to dominate the economy. The government-owned businesses that effectively increased output, unlocked new technological frontiers, and accumulated a pool of technical expertise in a variety of fields now control critical economic sectors[6], [7]. Putting aside the public sector's early success, it is plagued by issues including inadequate productivity growth, bad project management, excess staffing, and illness. The following examples highlight the public sector's contribution to our economy:

**Economic and Social Goals Achieved:** Due to the public sector's successful performance in achieving the nation's economic and social goals, it has been playing a crucial role in the nation's economic development. The public sector is seen as a potent catalyst for economic growth and a crucial tool for independence.

**Filling the Gap in the Industrial Structure:** At the time of the country's independence, there were significant gaps in the industrial structure, particularly in the heavy industry sectors like steel, heavy machine tools, oil exploration and refining, heavy electrical equipment, chemicals and fertilisers, defence equipment, etc. These shortages have been filled in part by the public sector. Through the manufacturing of key capital goods, the fundamental infrastructure needed for fast industrialization has been developed. The industrial base of the nation has significantly increased thanks to the public sector.

**Increase Employment:** To combat the nation's unemployment issue, the public sector has generated millions of new jobs. About two-thirds of all jobs in India's organised industrial sector are in the public sector. Millions of jobs have been preserved thanks to the public sector taking up several failing firms. By acting as a role model employer, the public sector has made a significant contribution to the betterment of employees' living and working circumstances.

**Balanced Regional Development:** Public sector organisations have built their facilities in underdeveloped regions of the nation. Basic industrial and governmental resources including electricity, water access, townships, and labour were lacking in these places. These facilities were created by public businesses, completely altering the socioeconomic circumstances of the local populace. A few instances of how the public sector has helped to develop underdeveloped areas are the steel factories in Bhilai, Rourkela, and Durgapur, the fertiliser factory in Sindri, the machine tool plants in Rajasthan, the precision instrument plants in Kerala and Rajasthan, etc.

**Contribution to Public Exchequer:** The public sector has recently increased its financial support for the public sector via dividends, corporation taxes, excise and customs duties, etc. Between 1982–1983 and 1986–1987, public enterprises made a total contribution to the exchequer of Rs. 11,074 crores and Rs. 23,972 crores.

**Foreign exchange earnings:** The public sector has made significant improvements to the nation's balance of payments condition. Through import substitution, the state firms have conserved important foreign currency. Exports by public businesses brought in foreign currency of Rs. 3,942 crores between 1986 and 1987.

**Development of Ancillary Industries:** The Indian government has started a nationwide initiative to promote the growth of small and medium-sized businesses throughout the nation. The public sector has helped this effort along by encouraging the development of satellite plants and auxiliary businesses. These factories have been built close to the largest public sector initiatives. Numerous locations, including the Bokaro Industrial Complex, the Bhilai Steel Plant, the Rourkela Steel Complex, the Heavy Engineering Corporation in Ranchi, Hindustan Machine Tools in Bangalore, and the Bharat Heavy Electrical units in Bhopal, Hyderabad, and Haridwar, have robust ancillary industry bases [8], [9].

**Research and development:** Because the majority of public firms work in high-tech and heavy sectors, they have heavily invested in research and development initiatives. The nation currently has a solid and extensive foundation for technical know-how, maintenance, and repair of advanced industrial facilities, machinery, and equipment thanks to the public sector. Public firms have lessened their reliance on foreign expertise as a result of the growth of technical talent. Public sector organisations have been able to compete effectively on the global market and win turnkey contracts in a number of different nations thanks to technology advancements.

**Community development:** To provide their workers access to all of the municipal facilities, a number of public sector organisations have built townships. There are dwellings, etc., in these townships. To connect these townships to other regions of the nation, public businesses built highways and other infrastructure facilities. These townships have greatly enhanced communal life.

**Social Justice:** Public businesses have helped the constitution's goals become accomplished. They have helped to bring about a socialistic structure of society, to reduce the concentration of economic power in private hands, to stop anti-social monopolies, to speed up public control over the national economy. In addition to the aforementioned, the public sector has been crucial in achieving constitutional objectives such as diminishing the concentration of economic power in the hands of the few, enhancing public control over the national economy, and establishing a socialistic pattern of society, among others. The public sector, with all of its connections, has significantly boosted national independence.

### Issue Related To Public Sector Entrepreneurs

1. **Corruption:** The foundations of a successful company are effectiveness, integrity, and transparency. Corruption has crept into the public sector's culture over time as a result of onerous processes. When compared to the private sector, workers in the public sector are paid less than those in the latter. Their jobs are also guaranteed, so how well they perform doesn't matter as much. Private sector employment is goal-oriented. Usually, it is performance-based. The public sector is rife with bureaucracy. They are government-owned, thus a lot of their choices are affected by politics. Whenever there is an unstable administration, certain public projects suffer. Corruption is a very significant social and societal evil that undermines equality of opportunity for everyone, especially the less fortunate. Due to the abundant resources available, developed nations have less issues. The ordinary people suffered from the practise of widespread corruption in underdeveloped countries with little resources. Because capital projects where bribes and kickbacks are more common are where public money is diverted, corruption causes economic distortions in the public sector.
2. **Inefficient Management:** Frequently, public sector businesses are managed by government employees whose positions change along with the administration. The administration of PSUs is quite inconsistent, which has an impact on how successful the management is. Because of political meddling, PSU management had very little discretion in their decision-making. Public enterprise managers often become more procedure-focused than outcome-focused. As a consequence, there were excessive delays that led to inefficiencies, a lack of capacity, poor utilisation, and low production. Because of the risk-averse attitude in the public sector, many individuals, often managers earning large salaries, were engaged to supervise and control others.
3. **Over capitalization:** According to the Bureau of Public Enterprises' many studies, one of the factors contributing to the underwhelming performance of our nation's public sector enterprises is the significant amount of money that is tied up in working capital. This leads to excessive capitalisation. Overcapitalization suggests that a corporation has more money than it needs, which results in a poor rate of return and suggests a less-than-ideal use of resources. If working capital is not adequately capitalised, there is an insolvency risk. Therefore, working capital management is essential to any organization's development or ability to survive in the market. According to the new economic strategy implemented in July 1991,



public sector firms have shown a relatively low rate of return on capital invested. Due to this occurrence, the government now has to support a large number of public sector initiatives. In actuality, they are proving to be liabilities to the government rather than assets[10], [11].

4. **Obsolete technology:** Most PSUs struggle with redundant technology, which affects their efficiency.
5. **Ineffective control:** Public sector companies' control mechanisms are flawed. Additionally, the PSU is under the authority of the internal management of the business, the Ministry of Finance, the Ministry in Charge of Undertakings, and the Auditor General. In the instance of PSU, having too much control has been counterproductive. Professional management is preferred over having political controls for successful performance.
6. **Pricing strategy:** Public sector companies do not base their pricing strategies on maximising profits. Public sector businesses are obligated to uphold the promise of achieving certain socialistic goals and fostering industrial growth, thus their pricing strategy must reflect that justification. The prices of the goods produced by PSUs are maintained low even while the cost of raw materials rises, which inevitably has an impact on the profitability of the enterprises. This is particularly true for infrastructural components used for catering, such as electricity, irrigation, public transportation, etc.
7. **Excessive staffing:** An issue with PSUs is that human resources have been used more often than is required. Poor workforce planning, inadequate training, and inadequate education of the PSUs prevented them from completing the task. There has been a gradual exodus of workers from PSUs to the private sector.

## CONCLUSION

The difficulties and complications associated with the process of economic liberalisation and transformation. In order to ensure that these policies are successfully implemented, it tackles concerns about political opposition, social unrest, institutional capability, and the possibility of market failures. It emphasizes the importance of economic reforms and liberalisation in promoting global commerce, stimulating economic development, and opening doors for investment and creativity in its conclusion. It also acknowledges the significance of tackling socioeconomic issues and making sure that the advantages of these policies are distributed fairly across all societal groups. Countries may maximise the benefits of economic reforms and liberalisation while successfully tackling the issues they create by encouraging open discourse, stakeholder participation, and evidence-based policymaking. Building resilient, inclusive, and sustainable economies requires ongoing examination and adaptation of economic policy as economies continue to change in a world that is becoming more linked.

## REFERENCES:

- [1] A. Ayodeji and A. Oluwole, "Impact of Monetary Policy on Economic Growth in Nigeria," *OALib*, 2018.
- [2] D. A. Steinberg, S. C. Nelson, and C. Nguyen, "Does democracy promote capital account liberalization?," *Rev. Int. Polit. Econ.*, 2018.
- [3] E. O. Olowofela, E. A. Adebawale, and A. Q. Adejonwo, "Financial Sector Reforms and Economic Growth: Evidence from Nigeria," *Binus Bus. Rev.*, 2018.

- [4] H. Haber, "Liberalizing markets, liberalizing welfare? Economic reform and social regulation in the EU's electricity regime," *J. Eur. Public Policy*, 2018.
- [5] M. Solís and S. Urata, "Abenomics and Japan's Trade Policy in a New Era," *Asian Economic Policy Review*. 2018.
- [6] B. Decaluwe, piphane Adjovi, and V. Robichaud, "Trade Policy and Poverty in Benin: A General Equilibrium Analysis," *SSRN Electron. J.*, 2018.
- [7] R. Malik, "HDI and Gender Development Index: Current Status of Women Development in India," *PRAGATI J. Indian Econ.*, 2018.
- [8] M. Mishra, "The Indian economy: a macroeconomic perspective," *Contemp. South Asia*, 2018.
- [9] Y. Kassim, M. Mahmoud, S. Kurdi, and C. Breisinger, "An Agricultural Policy Review of Egypt," *ResearchGate*, 2018.
- [10] K. Goyal, "Impact of Globalization on Transforming India's Economy: A Post Reforms Analysis," *Indian J. Econ. Dev.*, 2018.
- [11] R. Jit, A. Bharti, and P. V Rajeev, "Impact of Liberalization and Globalization on Trade Unions in India.," *Glob. J. Enterp. Inf. Syst.*, 2018.