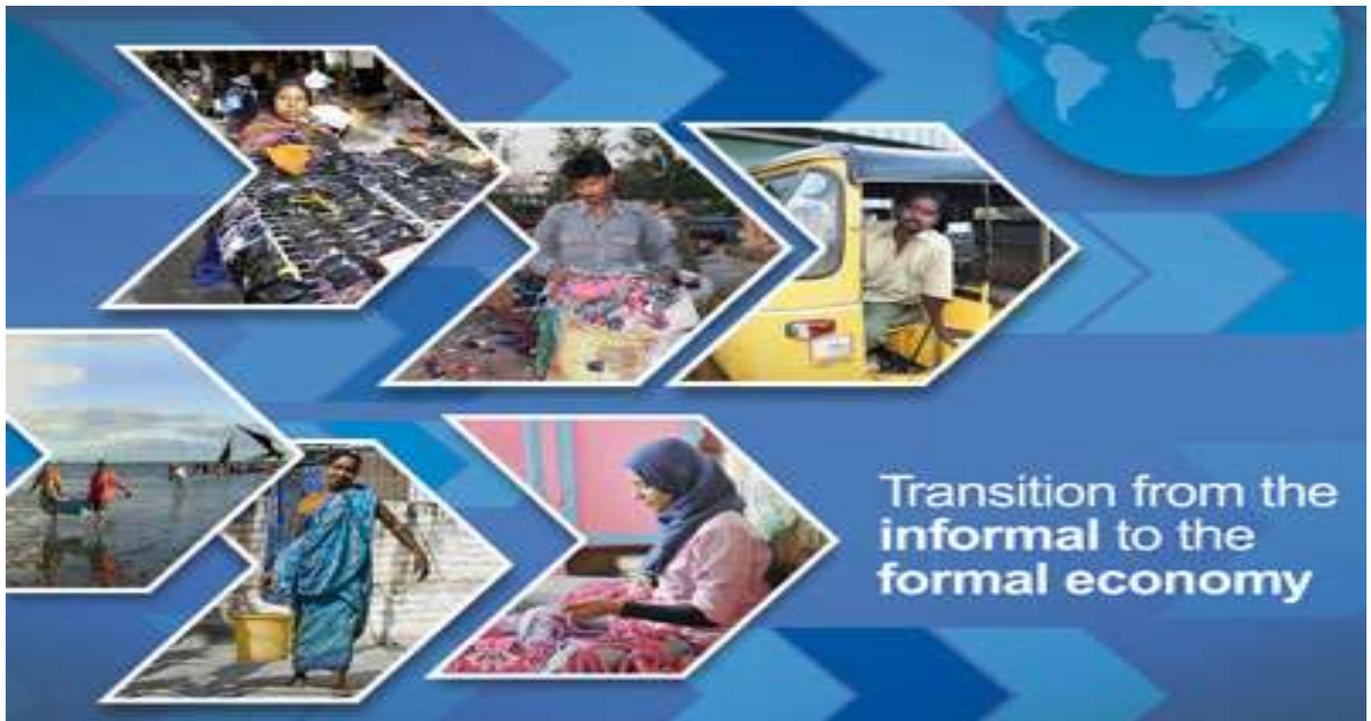


Informal Labour in a Formal Economy



(Source - <http://www.itcilo.org/en/areas-of-expertise/strengthening-workers-organizations>)

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Lead Essay

Informal Labour in a Formal Economy

One of the anticipated fallouts and most talked about target of NDA government's demonetization drive of high denomination note on 8th November, 2016 has been widening the ambit of formal sector of the economy, *via* transforming the predominantly cash economy to a digital economy. If formalization of the economy implies only better revenue generation *via* banking system then the present Government is in right direction. But the stated practice of formalization of the economy did not consider the rights of workers. In a country like India, where around 80 percent of the employment is informal, formalization of the economy is not possible without considering the vast size of the informal labour market. Move towards a larger formal economy needs to bring both workers and activities into the formal sector. However, one has to consider the continuous effort of Modi government towards labour reform in the country to fulfill the demands of the industries rather than addressing the appalling condition of the workers in India.

The seed of NDA government's drive towards labour reform has been comprehensively initiated in Rajasthan since 2014. The government of Rajasthan received approval, on November 7, 2014 on three labour law amendment Bills relating to the Industrial Disputes Act, 1947, the Contract Labour Act, 1970 and the Factories Act, 1947. Before amendment, the Industrial Disputes Act mandated that any retrenchment, lay-off, or closure affecting more than 100 workers could be done only with the government's permission. The amended act now limits the need for government permission for firing workers to industries that have 300 employees or more. The amendment to the Factories Act has changed the definition of a factory, allegedly to promote small-scale units by exempting them from cumbersome paper work. But an overwhelming number of small-scale units were outside the ambit of the Factories Act anyway since they employed less than 10 workers. But the amendment to the Factories Act, bring another 3,000 units out of the legal requirement to safeguard the safety of workers. The government has said that the relaxation in the norms for retrenchment of workers is aimed at encouraging employers to hire more workers. This derives from the view that restraints on retrenchment had forced industry to avoid permanent workers for contract labour. But if the aim of the government were to discourage contractualization of labour in the economy, it is hard to understand why it would simultaneously amend the Contract Labour Act. Earlier, the law applied to units with 20 or more workmen. After the amendment, it will apply to units with 50 or more employees.

In March 2016, Haryana Assembly also passed Bills to bring amendment to the Industrial Disputes Act, 1947, Contract Labour (Regulation and Abolition) Act 1970, Factories Act, 1948 and Payment of Wages Act, 1936. Moreover, Maharashtra government has also issued a notification amending the Contract Labour (Regulation and Abolition) Act 1970 in early 2017, which will substantially reduce the number of establishments covered by this law in the state. As a result, smaller units or contracts covering between 20 and 49 workers will no longer come under its purview. To fulfill the agenda of Make in Maharashtra campaign, the state government is ready sacrifice the rights of a large number of workers in small and medium-scale establishments.

Union government has also proposed some amendments in labour laws. As in different state level amendments, the Factories Act amendment Bill, introduced in Parliament on August 7, 2014, the government had proposed changing the original Act to double the threshold level of employment from 10 workers to at least 20 workers in case of factories using power, and from 20 workers to 40 workers in case of factories not using power for manufacturing. Data from the Annual Survey of Industries shows that about one lakh (or 58%), of the 1.75 lakh factories in 2011-12 employed less than 30 workers. Of the total, 36% of all units employed less than 14 workers, while 10.6% had workers in the range of 15-19, and 11.6% of the total units had 20-29 workers employed in the previous year. Taking note of this data that was presented by central unions, the Parliamentary Standing Committee on Labour rejected the proposal to increase threshold defining limits, in its 116-page report presented on December 23, 2014. The report said, "More than 70 percent of the factory establishments in the Country will be out of the coverage of the Factories Act and workers will be at the mercy of employers in every aspect of their service conditions, rights and protective provisions laid down under the Act". But by proposing the changes in the said Act, the Government is actually reducing the scope of the formal economy in terms of labour market.

The changes in the labour laws, particularly various amendments in Factories Act, Contract Labour (Regulation and Abolition) Act and Industrial Disputes Act etc. under the present Government indicates the dismantled institutional and legal rights of the working class in India. Unemployment and under employment in the country compel people to work at sub-human conditions and at low wages, which makes India an ideal aspirant to win the "race to the bottom". The concentration

Lead Essay

on Ease of Doing Business has been done at the cost of freedom, security and health of the labour class, which places India as one of ten worst countries in terms of labour rights according to the Global Rights Index (GRI) of International Trade Union Confederation (ITUC) in 2016.

With the rise of a country in development ladder, the economy becomes formal. But this is apparently not the case in India. During the period from 1989 to 2010, informal sector accounted for the maximum number of jobs created and the vast majority of new establishments. Currency swap of NDA government cannot be regarded as effective tools to facilitate transitions to formality. The changes that truly need to facilitate formalization are structural in nature and the consistency in different policies towards the goal.

By its very nature, the characteristics of the informal economy are largely negative. It can trap individuals and enterprises in a spiral of low productivity and poverty. A coherent national strategy to facilitate transitions to formality needs to recognize that the costs of working informally are high for businesses, workers and the community.

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Headlines

Moving Towards a Larger Formal Economy

(*Livemint*, March 20, 2017)

Economic logic dictates that as a country climbs the development ladder, its economy will shift towards the formal. However, this has not been the case with India. National Sample Survey Office (NSSO) statistics show that in the 1989 to 2010 period, informal firms have accounted for the maximum number of jobs created and the vast majority of new establishments. Little wonder that 80-91%—depending on the criteria used—of the non-agricultural workforce is in the unorganized sector.

Read more: <http://www.livemint.com/Opinion/KVS6qozgENxulaVcFOW0qL/Moving-towards-a-larger-formal-economy.html>

Date Accessed: 20.03.2017

Economy

Low Stagnating Female Labour Force Participation in India

(Stephan Klasen, *Livemint*, March 20, 2017)

The role of macro, trade and structural policies also needs to be investigated. When comparing India with Bangladesh, one notices how an export-oriented, manufacturing-centred growth strategy has led to increasing female employment opportunities there. China, of course, also pursued such a strategy much earlier with similar impact on female employment. India's growth strategy has focused on domestic demand and high-value service exports, which generate too few employment opportunities for women, particularly those with medium levels of education. Policies will be needed to tackle the social stigma that appears to prevent particularly educated women from engaging in outside employment. Here public debates of this issue and its impact on women are clearly necessary.

Read more: <http://www.livemint.com/Opinion/vgO1ynMV6UMDnF6kW5Z3VJ/Low-stagnating-female-labourforce-participation-in-India.html>

Date Accessed: 20.03.2017

What Was the Point of Demonetisation?

(Jayanti Ghosh, C.P. Chandrasekaran, Prabhat Patnaik *The wire*, March 19, 2017)

On November 8, 2016, Prime Minister Narendra Modi announced that 86% of India's currency would no longer count as legal tender. The demonetisation of Rs 1000 and Rs 500 notes was, the government said, meant to curb black money, encourage digital transactions and deal a blow to terrorists using counterfeit currency. Months later, it doesn't look like any of those aims have been achieved – something economists predicted even when the project was first undertaken.

Read more: <https://thewire.in/117359/demonetisation-decoded-extract/>

Date Accessed: 20.03.2017

Can Ola and Uber Fit Into an Ideal Public-Private Transport System?

(Sanjay Kumar, *The wire*, March 19, 2017)

There is despair and anger on the roads of large metros in India. Even though the strike by hundreds of thousands of drivers of app-based cab service providers Ola and Uber was called off by February end, the frustration and sense of betrayal persists. This is likely to continue as these drivers are faced with political and economic forces much beyond their imagination. They are owners of capital (their vehicles). And yet, the embrace of global capital, which they hoped would help them leapfrog over class inequalities, has landed them in a trap.

Read more: <https://thewire.in/117393/indias-ideal-public-private-transport-system/>

Date Accessed: 20.03.2017

The Great Uttar Pradesh Farm Loan Waiver – Moral Hazard or Necessity?

(Hemindra Hazari, *The wire*, March 20, 2017)

After the BJP's decisive victory in the Uttar Pradesh (UP) state elections, alarm bells have started tolling in the capital market. The primary cause for concern is the BJP's promise to the UP electorate to waive off all farm loans and provide fresh loans at zero percent interest. Capital market analysts and prominent bankers have jumped on the bandwagon of moral hazard, saying that the loan payment discipline amongst farmers will be ruined and that the sacrosanct fiscal deficit maybe breached as a consequence of such 'populist' policies.

Read more: <https://thewire.in/117488/great-uttar-pradesh-loan-waiver-moral-hazard-necessity/>

Date Accessed: 20.03.2017

Last gasp tasks: GST bills and rate fitment process

(*The Hindu*, March 20, 2017)

Industry has indicated that it needs at least three months to prepare for the GST once it sees the fine print, one major action will still be pending on April 1. That action — the fitment of thousands of commodities and services into the five GST rate slabs (zero, 5%, 12%, 18% and 28%) — could prove to be among the trickiest for the Council. The rate fitment process, unlike legislative nuances, is more susceptible to lobbying not just from different sections of industry, but also States that would like a favourable tax treatment for products and services they excel in.

Read More: <http://www.thehindu.com/opinion/editorial/on-gst-bills-and-the-rate-fitment-process/article17532557.ece>

Date Accessed: 20.03.2017

Governance & Development

GOVERNMENT

After 139 days, Naga Council lifts economic blockade on Manipur

(Esha Roy, *The Indian Express*, 20 March, 2017)

The United Naga Council (UNC), which had imposed an economic blockade on Manipur to protest the formation of seven new districts, on Sunday said it will lift the restriction from March 19 midnight. The blockade, on for 139 days, had prevented the entry of essential goods from reaching the Imphal valley.

The UNC's decision, which was a key election plank of the BJP, was announced after tripartite talks between the central government, the Manipur government and the UNC on Sunday in Senapati district of Manipur. The meeting was chaired by the Joint Secretary (North East) of the Union Home Ministry. The BJP's assurance was that the lifting of the blockade would be the first thing a government led by the party would deliver to the people of Manipur.

Read More: <http://indianexpress.com/article/india/after-139-days-naga-council-lifts-economic-blockade-on-manipur-4576717/>

Date Accessed: 20.03.2017

HEALTH

New health policy aims to lift public spending, life expectancy

(Elizabeth Roche, Shaswati Das and Prerna Kapoor, *LiveMint*, March 17, 2017)

The policy calls for a "stronger partnership" between the public and private sectors to leverage "their strengths to achieve national health goals" and seeks to move away from meeting the disease burden challenge to a more proactive "thrust on prevention and health promotion".

Read More: <http://www.livemint.com/Politics/dfYOpbKsFkRNuS6pgQu7J/New-health-policy-aims-to-lift-public-spend-life-expectancy.html>

Date Accessed: 20.03.2017

Centre Shifts Health Policy Focus from 'Private' to 'Non-Governmental' Sector

(Anoo Bhuyan, *The Wire*, 19 March, 2017)

In a policy shift, the government has changed the focus of two key chapters in the National Health Policy (NHP) 2017. While the contents of the chapters have remained broadly the same, the titles of the chapter have been changed from being only about public partnership with the 'private sector' to being with the 'non-governmental sector'. Explaining what 'non-governmental' means, two bureaucrats clarified it meant both NGOs as commonly understood as charitable organisations as well as private for-profit organisations.

Read More: <https://thewire.in/117398/health-policy-private-nonprofit/>.

Date Accessed: 20.03.2017

ENVIRONMENT

Protecting India's environment

(Mahesh Krishnamurthy, *Livemint*, March 16, 2017)

Most rivers are polluted, with the story of the Ganga known to all. Water bodies in many cities have disappeared and been paved over; the water table is dropping at an alarming rate in most parts of the country. Less than a quarter of the municipal waste produced in our cities is scientifically processed. Four of the five worst cities in the world for particulate matter concentration are in India. Even remote locations like the exquisite Pangong Lake in Ladakh are now infested with plastic waste. The 2015 floods in Chennai or the more recent fire in Bangalore's Bellandur Lake are spectacular examples of this deterioration.

Read More: <http://www.livemint.com/Opinion/VDcwEaaozjxIODEy4OCNcJ/Protecting-Indias-environment.html>

Date Accessed: 20.03.2017

Governance & Development

How can we bring disappearing sparrows back to our cities?

(Subhojit Goswami, *Down to Earth*, March 20, 2017)

Sparrows are rendered homeless due to modern "matchbox styled" architecture that makes it difficult for the bird to build nests. These winged companions, who used to build nest in holes, roofs and crevices on traditional houses, are struggling to find a safe corner in glass buildings. It also explains why South Mumbai sees a comparatively larger sparrow population than the western suburbs.

Like sparrows, cavities are important for mynahs and parakeets to make nests.

The depleting population of sparrows is also attributed to increased use of packaged food. Unlike the earlier days, when women used to clean grain outside their houses and sparrows would have plenty of food from there, the bird is either starved or forced to eat leftover from the packaged foods.

Extensive use of pesticides and insecticides in farms and gardens is also killing the bird's primary food source: insects.

Read More: <http://www.downtoearth.org.in/news/how-can-we-bring-disappearing-sparrows-back-to-our-cities--57396>

Date Accessed: 20.03.2017

Society

GENDER

Women worker participation rate in India's urban areas low

(*Economic Times*, March 17, 2017)

It is estimated that nearly 120 million Indian women, 80 per cent of the total female workers, are employed in the rural sector. This is around 30 per cent of the total number of workers in rural areas.

Read More: <http://economictimes.indiatimes.com/industry/jobs/women-worker-participation-rate-in-indias-urban-areas-low/articleshow/57684936.cms>

Date Accessed: 20.03.2017

States With More Educated Women Have Healthier Children

(Prachi Salve & Swagata Yadavar, *India Spend*, March 20, 2017)

Policy-makers aiming to improve child health outcomes would do well to target more resources at women's education, IndiaSpend's analysis of National Family Health Survey 2015-16 (NFHS-4) data has shown. Education of women has a direct impact on children's health, as states with more educated women show better health outcomes for children.

Under-five mortality is the number of children under the age of five dying per 1,000 live births. It is considered a good indicator of child health because it is a result of a variety of inputs such as mother's nutritional status and health, level of immunisation, income and food availability, sanitation, availability of maternal and child health services, and the overall safety of a child's environment, according to the United Nations Children's Fund (UNICEF).

Read More: <http://www.indiaspend.com/cover-story/states-with-more-educated-women-have-healthier-children-65307>

Date Accessed: 20.03.2017

Women in South Asia: United By Harassment

(Ammara Ahmad, *News Laundry*, 8 March, 2017)

Online smut campaigns against dissenting women are becoming more common in both India and Pakistan. Women are more vulnerable to such attacks, and this is why in Pakistan, female political figures, like the sitting PM Nawaz Sharif's daughter, top women ministers and former Prime Minister Benazir Bhutto's daughters keep a strategic distance from the public. Hopefully, women stalwarts of BJP, like Sushma Swaraj, Smriti Irani, Meneka Gandhi and Shazia Ilmi, will take a stance against manufactured hate campaigns against women. And they will do it publicly, so that everyone who thinks they're furthering BJP's cause, gets the message. Hopefully, laws will also be enacted and enforced to prevent women from being threatened with sexual violence by online trolls.

Read More: <https://www.newslaundry.com/2017/03/08/women-in-south-asia-united-by-harassment>.

Date Accessed: 20.03.2017

ELDERLY

India's seniors are so lonely they're renting grand kids for company

(Madhura Karnik, *Quartz*, March 20, 2017)

What was the once the responsibility of sons and daughters is now passing to paid companions, who help with everything from daily chores, like buying groceries, and visiting the doctor, to mundane things, such as reading the newspaper or having a conversation.

Read More: <https://qz.com/936397/indias-seniors-are-so-lonely-theyre-renting-grand-kids-for-company/>

Date Accessed: 20.03.201

India and World

INTERNATIONAL AFFAIRS

G20 Free Trade Blow to Germany

(The Telegraph, March 20, 2017)

The failure of the world's financial leaders to agree on resisting protectionism and support free trade marks a setback in the G20 process and poses a risk for growth of export-driven economies such as host Germany, economists said today. Acquiescing to an increasingly protectionist US after a two-day meeting in the German town of Baden-Baden, the finance ministers and central bank governors of the 20 biggest economies dropped a pledge to keep global trade free and open.

Read more: https://www.telegraphindia.com/1170320/jsp/foreign/story_141615.jsp#.WM9gDG997IU

Date Accessed: 20.03.2017

EUROPE

Brexit could place 'huge burden' on UK Parliament: Report

(The Indian Express, March 20, 2017)

UK-based think tank, the Institute for Government (IFG) in its report, "Legislating Brexit", said legislation will be needed to establish new policies on areas such as customs and immigration, the BBC reported.

The report anticipates the new bills will be in addition to the Great Repeal Bill, which will scrap the 1972 European Communities Act that paved the way for the UK to enter the then-European Economic Community, ending the legal authority of EU law.

Read More: <http://indianexpress.com/article/world/brexit-could-place-huge-burden-on-uk-parliament-report/>

Date Accessed: 20.03.2017

Opinions/Books

OPINIONS

‘Good’ Populism Beat ‘Bad’ in Dutch Elections

(Cas Mudde, *The Guardian*, March 19, 2017)

If we are to believe the international media, last week the brave Dutch electorate defeated populism by denying the bid by the Party for Freedom (PVV) of “the Dutch Trump”, Geert Wilders, to become the biggest party in parliament. Whether this is just a Dutch phenomenon, or whether populism more widely has peaked, seems to be the new topic of speculation – although some commentators simply shifted their gaze to Paris to apply the same analysis to the upcoming French presidential elections

Read more: <https://www.theguardian.com/world/2017/mar/19/dutch-election-rutte-wilders-good-populism-bad->

Date Accessed: 20.03.2017

None For The Road

(Abhay Bang, *The Indian Express*, March 20, 2017)

We should welcome the Supreme Court’s ban on liquor shops on national and state highways. Driving in India is a risky act. Road accidents — annual deaths amount to nearly 1,50,000 — are among the top 10 causes for death and disease in India, according to Global Burden of Disease, 2015. Drunk driving is the most common cause for automobile accidents. The SC order will save thousands of lives and save insurance costs.

A few questions, however, will be raised. Why ban only liquor shops and exempt bars that serve wine, whisky, brandy, etc, which contain 15 to 50 per cent alcohol? Any alcohol, when drunk in sufficient quantity, blurs judgement and dulls reflexes. Hence, all opportunities for drinking must be removed from the highways.

Read More: <http://indianexpress.com/article/opinion/columns/none-for-the-road-highway-liquor-ban-drunk-driving-4576589/>

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