CHAPTER III

EVOLUTION OF THE POLICY FOR
RURAL LABOUR IN INDIA: AN
ANALYTICAL APPROACH
CHAPTER III

EVOLUTION OF THE POLICY FOR RURAL LABOUR IN INDIA: AN ANALYTICAL APPROACH

3.1 INTRODUCTION

The macro economic scenario in India has witnessed vibrant changes in recent years, due to the integration of Indian economy with the world economy. This is largely the result of the paradigm shift in policy approach of the nation that is from a socialist – public sector dominant model to a neo liberal state. The macroeconomic stabilization and structural adjustment programs of the neo liberal reforms composed of the drastic economic changes which aided India to rebound from the Balance of payment (BOP) crisis and helped India to release itself from the clutches of unproductive and inefficient public sector.

Further removal of the quantitive and other trade restrictions and barriers, de-reservation and disinvestment of industrial sector, opening up of the economy for participation of private players and limited role of State and such other policy initiatives have improved the growth trajectory of Indian economy.

However despite the most impressive improvement in the growth rates as well as per capita income and such rigorous indicators of economic health of the nation post economic reforms, yet the other dimensions or indicators of economic development have not yielded the desired results. For instance be it the performance and productivity of agricultural sector or the labour market indicators.

Especially the employment elasticities of different sectors have been in a pathetic condition and overall employment scenario has been witnessing unprecedented changes. The policy makers thus have sidelined the effects of these structural changes in Indian labour market. In fact in a country like India where unemployment is the rampant problem, it cannot afford to have ‘jobless growth’. Because on one hand, unemployment and removal of poverty are daunting challenges, on the other, the existence of fragmented labour market has worsened the situation. The segmentation of labour market as formal and informal, organized and unorganized, rural and urban, gender, spatial and sectoral labour markets has added more fuel to the fire.
In such a scenario, this chapter revisits the evolution of labour policy in India and traces the approach of policy for rural labour and highlights the various nuances of the existing system.

3.2 NEED FOR REVIEW OF POLICY

Economic policy initiatives are the instruments through which, the State intervenes in the economic development process. There may be arguments as to which agency must be responsible in framing the policy and the role of the State in this regard; however the need for policy – the central issue cannot be ignored. India being a mixed economy, has paved way for the State role in designing policies as well as executing and evaluating the same.

In fact State intervention is very crucial in providing for and protecting the interests of its subjects as India is a mixed economy and this genre of Economy binds the State to intervene, as provision of social security has been regarded to be one of the major obligations of State, besides provision of education and health. To substantiate, Burgess and Stern (1991) identify a couple of rationale for State to play a role. First is the popular ‘Market Failure’- that market cannot take care of public goods and second, the State by its agenda is morally or ideally expected to correct the imperfections in the Economy.

However the focus of the chapter is ‘policy for rural labour India’ and why special consideration for rural labour is called for, needs to be justified at the juncture. The rural labourers in India are highly unorganized and work in informal working conditions. As per the NCEUS report (2012) it can be roughly stated that, nearly large section of the workforce embrace the unorganized labour in India and close to 93 percent of the country’s workforce belongs to the unorganized sector which hardly gets any protection from the existing labour laws. Even in the case of the small organized sector, which does have a range of protective regulations, implementation of labour laws has been far from adequate, and this has further worsened in the recent years according to Jha (2009). Further as reported by Ministry of Labour & Employment (2009), about 93 percent of the Indian workforce is employed in the informal sector out of a working population of over 400 million. Also as per the NSSO 68th round, the rural workers happen to be the largest group among the whole lot of the unorganized labour. Even though there are lot of discrepancies amongst the
huge pile of statistics available, the issue of existence of huge labour force in rural unorganized sector to a great extent cannot be ruled out. It’s unfortunate that among 13,000 individuals turning 60 every day and who are having 10 more years of life expectancy on an average, only 10% of them actually end up saving for old age according to Jacob(2011).

In the organized sector, predominantly in the private sector, the feature of jobs on contract can be seen as one such with demand for labour market flexibility and market friendly labour reforms. Minimizing cost of production, cost of training, cost of providing for social security, medical, health benefits and other related perks, freedom to hire and fire as per their will and wish are the agenda of employers in the organized sector both in public and private. However thanks to the globalisation process which through the IT revolution, has pulled the strings of awareness of providing least minimum benefits that workers in the unorganized sector long deserved. This forced the Government to appoint various committees under NCEUS and pass bills related to unorganized labour in the recent past. Added to this, the unorganized sector organising themselves and demanding the State for provision of pension and other benefits for example workers 108 Ambulance service etc have evoked new rays of hope.

So in this chapter an overview of approach, nature and prospects of Labour policy for rural labour, in the wake of growing informalisation and casualisation is attempted. However, it must be noted that, as the literature on Indian Labour laws, evaluation of programmes and schemes for rural labour in particular and the review of Rural development programs and schemes (IRDP, JRY, etc) have been redundant, here in this chapter, this genre is deliberately avoided. This is for the sole objective of highlighting the deeper nuances of the issues related to Labour Policy formulation in India.

3.3. CONCEPT OF LABOUR POLICY

Before venturing into the task of addressing issues of Labour Policy for Rural labour, it is worthwhile to understand the concept of Labour policy. ‘Labour Policy’ is popularly and synonymously meant ‘Labour laws’ in the literature available. In fact this is in tune with the fact that Labour Laws have greatly influenced the formulation of Labour policy. Further, it must be noted that, as all policies are framed in
accordance with the contemporary socio-economic situations, in the similar fashion, Labour Policies are also been designed.

Consequently through time, the ambit of Labour Policy has been widened; additional meanings, concepts, features etc have crept in. So it is indeed a difficult job to define Labour Policy. But for the purpose of analysis in the chapter, the term labour policy is defined

“to include all those policies and procedures of the government, whether statutory or political, as are affected through generally recognised instruments of action that deal with the entire universe of labour – management relations, pre-employment training and education, retraining and relocations of labour, employment information and service, medical care and health maintenance for the worker and his family, social security including pension and retirement benefits and the housing, educational, cultural and recreational needs of employees”1.

Based on the above mentioned definition one can dissect two major tenets of Labour Policy:-

3.3.1 Protection of Labour

3.3.2 Promotion of Labour

According to Jha (2009), Labour policy as ‘protection’ and ‘promotion’ is one of the way to bring in similar set of measures under two broad heads. Likewise he also notes that in practice the labour market policies are classified as ‘passive’ and ‘active’ labour market policies. He asserts that the ‘Protectional measures’ are similar to the Passive Labour Market Policies (PLMP) and ‘Promotional measures’ are the Active Labour Market Policies2 (ALMP). However he also mentions that “Watertight division between active and passive policies, in terms of their respective roles vis a vis labour market outcomes is somewhat problematic”3.

---

1 As defined in the chapter “The structure of labour policy an analysis” in the book titled “Readings in Indian labour and social welfare” (1976), in pp 463 by Mongia, Atmaram publishers Newdelhi
2 Aver et al (2005) has in fact provided a comprehensive definition of labour market policies. Also the various functions and related issues are discussed.
3 These definitions have been taken from the paper - The Well-Being of Labour in Contemporary Indian Economy: What’s Active Labour Market Policy Got to Do with It? By Praveen Jha. This is working paper no 39, Economic and Labour Market Analysis Department of ILO, Geneva. (2009)
3.3.1 Protection of Labour

“Protection of Labour consists of measures designed to reduce and cushion risks connected with work-related accidents, disability, ill-health, old age as well as unemployment, and facilitate the provisioning of replacement income during periods of joblessness or job search”.4

3.3.2 Promotion of labour

“Consists of programmes and policies that primarily aim at putting people to work either through improvements in their employability (e.g. through skill upgradation programmes, better labour market information systems etc.), or through a variety of employment generation programmes”.5

Jha (2009) has acknowledged for an effective paradigm of ALMPs, through the identification of the basic elements of effective ALMP intervention. Figure 3.1 gives the pictorial representation of the same. In the picture three major elements mentioned below are depicted.

a. Employment generation

b. Training and skill development

c. Provision of employment services

According to Jha (2009) these are the three vital components of ALMP along will suitable PLM interventions presented in the bottom of the picture.

This turns out to be the general approach of Labour Policy of any nation and India is not an exception. But as Indian labour market is known to be segmented labour market, at the outset Indian Labour Policy also appears to be segmented in nature. Because the fore mentioned components of Labour Policy have been present in Indian Labour Policy framework along with a distinct approach for Unorganized Labour disjointedly for Rural Labourers. The issue of ‘protection’ and ‘promotion’ of labour as discussed, transpire to be the second stage for the vast section of Rural Labourers. Because it was believed that as rural labourers constitute poorest of the poor, and their problem was not just obtaining a job but it was beyond.

---

4 ibid
5 ibid
So it is meaningful for State to intervene in not only rural Labour market but also to adopt a wide range of methods to influence the outcomes of rural market as discussed by Rao (1998)\(^6\)

Thus approach of policy towards rural labour in the first stage was viewed to strengthen the food base and assure livelihood at least for major part of year, housing and sanitation and such other measures to fulfill minimum requirements of rural labourers. Once this was fulfilled, then the formal, narrow but focused ambit of ‘Protection’ and ’Promotion’ aspects of Labour Policy\(^7\) would come into picture.

Added to this it must also be noted that rural labour was defined to include half peasants and half labourers and more focus was on this set of labourers and here

---

\(^6\) In the book R.Radhakrishna and Alakh N. Sharma (Eds). In Empowering rural labour in India. New Delhi: D.K Fine Art Press, Page 159

\(^7\) This issue – approach of labour policy will be discussed in detail in the last section of the chapter
also rural casual labourers were automatically excluded from the purview of labour policy but they were identified to be poorest of the poor and thus were seen as mere beneficiaries of anti poverty programmes. Thus were unknowingly kept out of the ambit of labour policy.

So for these reasons, there is actually under representation of Rural Labourers especially the casual labourers in the discussion of Labour laws, labour sector reforms, and other related matters and hence this is the reason for Labour Policy to be found synonymous with Labour laws or incompliance with ‘Industrial labour’.

Further the word ‘Rural labour’ includes a varied set of workers around the nation working under different sets of arrangements and situations depending on region specific demands and needs, so apparently this diversity perhaps have led the policy makers to go in for more generalized policy framework which is clear contrast with the well designed established framework for those labourers or workers in the organized sector who were in regular jobs with the label of permanent status or at least employment on a regular basis with wide range of facilities and perks backed by stringent legal support.

### 3.4 Labour Policy: A Cross Country Experience

Any policy review of a nation would deem to be incomplete without drawing parallel experiences across other counter parts across globe. Be it developed or developing nations, their experience will certainly throw light on vivid aspects of the labour policy. The level of development of nations will certainly impact the nature of labour policy and its approach. For instance, the features of labour market as a whole in developed nations will be characterized by high levels of formal jobs that are backed by sound social security measures where as labour markets in developing countries face segmented or fragmented labour markets. In the latter’s case the level and magnitude of informality is very high and thus a vast segment of labour market is out of any social security measures.

In the developed nations debates about the labour policy, are largely confined to the problems of recession and unemployment, creating flexicurity, work place rights, gender sensitive issues etc. Because, a huge pile of literature, has been found on the aforementioned issues from developed countries. But the issues concerned to
the labour policy in developing countries especially like India is dominated by burning issues like creation of jobs to huge labour force, bringing vast section of informal labour under of social security net and recently creation of flexible labour market in formal labour sector.

As the central theme of this research is about the rural wage labour or rural casual labour, here the cross country experiences will be confined to this section of labour. In this regard literature of policy approaches of various developed countries for rural wage labour a has been discussed further.

ILO has published several works related to labour policy issues in developing countries across globe and here mention must be made of the working paper by Rizzo (2011) for its striking similarity in the idea presented in this chapter i.e. neglect of the rural wage or casual labourers in policy. He has studied the rural wage employment policy framework of two African nations – Rwanda and Ethiopia. He identifies the major lacuna in the approach of policy makers in the two nations, where the policy makers have limited the definition of the rural poor to the small scale subsistence farmers thus excluding the vast section of other workers who work for livelihood under others- in other words rural casual wage labourers. He also shows how secondary data officially estimated mislead the policy makers because primary enquiries give different picture of reality. While official survey estimates state small farmers concentrate heavily in the rural poor category, in his primary level surveys, the researcher notes that rural wage labourers are no less than the famers to be considered as poor. This kind of misnomer according to him has misdirected the policy makers to be biased toward small producers and there by neglecting the casual wage labourers who are the actual poor.

Labour policy framework across various nations has been meticulously depicted in the figure 3.2 given by World Development Report\(^8\) (WDR) (2013). According to the report, the approach of the labour policy of different countries vary with the respective level of economic advancements of the nations , and most advanced countries industrial economies are characterized to have more developed and systematic approach to labour policies. The report also notes the other region specific factors like “A country’s legal traditions, politics, and social norms and

---

\(^8\) WDR(2013) fig 8.1 pp 259
values”\textsuperscript{9} which affect the labour policy approach. In fact, another very interesting observation in the report, that

“Overall, labour policies and institutions are neither the major obstacle nor the magic bullet for creating good jobs for development in most countries”\textsuperscript{10}

Coming to the figure 3.2, it is developed by the WDR 2013 team by classifying the various countries into eight groups – agrarian economies, conflict affected countries, urbanized countries, resource rich countries, small island countries, countries with high youth unemployment, formalizing countries and aging societies. Among the groups it is stated that a country can belong to several groups. However if deeply one looks into the figure it can be seen that developed economies which fall into categories of aging societies, urbanized economies and resource- rich countries have almost covered all the four dimensions of labour policy – viz labour regulation, ALMPs, collective representation and social insurance. However developing countries like India which are basically agrarian in nature have inclined much towards ALPMs and unfortunately the dimension of social insurance seems to be completely neglected as per the figure. Further special mention must be made of ALPMs of agrarian economies. ALMPs involve most commonly – assistance for job search, wage subsidies, training and public works. Among these the wage subsidies programme deserve a special mention because wage subsidies aim at targeted groups and are popularist vote bank programs of political parties in developing countries.

\textsuperscript{9} Ibid
\textsuperscript{10} Ibid
Figure 3.2 The mix of labour policies and institutions varies across countries

Source: WDR (2013)
The report highlights the issue of cost effectiveness of these programs and quotes the cross country evidences for the same. For instance, Turkey has decreased the incidence of “deadweight loss”\(^\text{11}\) (selection of wrong beneficiaries) to the extent of 25% to 50% and was successful in managing the creation of jobs for deserving beneficiaries without subsidies.

Further the programs of Latin American countries have also implemented cost effective wage subsidy programs by merging the wage subsidy programs with other dimensions of ALMPs, as per the report. Morocco and Argentina have also experimented with tight targeting for suitable beneficiaries thus making the wage subsidy program more cost effective thus successful.

Another important dimension of ALMPs in developing nations is public works program. These programs offer employment and food for certain minimum stipulated dates. The report makes mention of the Columbia’s Empleo en Accio’n and Argentina’a Trabajar programs which are similar to that of the largest public works program in the world- MGNREGA of India. But report doubts the success rate of these public works program in relation to that of other ALMPs interventions. The report draws evidences from Poland and Romania where these programs have negatively affected the employability of beneficiaries. The report also notes that, “Public works program need to go beyond poverty relief”\(^\text{12}\). Because some counties have achieved considerable success by incorporating complementary initiatives along with the public works. For instance, the report takes the example of El Salvador, Papua New Guinea, Sierra Leone, Liberia, Bangladesh where these countries have tagged the various initiatives with public works like – technical, life – skills support, compulsory literacy and numeracy training, micro finance and micro enterprise activities.

\(^{11}\) “Deadweight loss are costs to society created by market inefficiency. Deadweight loss can be applied to any deficiency caused by an inefficient allocation of resources. Price ceilings (such as price controls and rent controls), price floors (such as minimum wage and living wage laws) and taxation are all said to create deadweight losses. Deadweight loss occurs when supply and demand are not in equilibrium”.

\(^{12}\) WDR (2013)
3.5 EVOLUTION OF LABOUR POLICY IN INDIA

With the brief understanding of what Labour Policy is meant for Rural Labour in India along with the cross country experiences, it would not be inconsequential to trace the history or the evolution of Labour Policy in India. Moreover this would enable to understand the direction and approach of policy for rural labour in India.

Contemporary issues, events and trends influence the course of policy making of any nation and so Indian policy making is not an exception as mentioned earlier. Right from rule of British, the ideas of great freedom fighters and political leaders, the International conventions of global bodies, provisions of the Constitution of India, various Committees and Commissions formed from time to time, have in fact ratified the Labour laws in India and this in turn have provided a strong foundation for the formulation of labour policy in India.

The history of labour legislations is deeply connected with rule of British in India. In fact at that period, labour laws were synonymous to industrial laws and the word ‘Labourer’ evoked image of an industrial or a factory or plantation worker at that time. Further the scope of the laws enacted for labourers were strictly restricted to organized labourers. With the intention of safeguarding the interests of British Employers and to check the tendency of union among the workers, Labour Policy of British was framed as discussed by Ratnam, C.S. Venkata (2006). This was also to ensure the workers to show dedications and commitment to employers. Thus actually the law of ‘Apprentices Act’ (1850) was introduced which allowed children to enhance the skills for their future job for the first time. Later this was followed by enactment of Fatal Accidents Act (1855), Indian Merchant Shopping Act (1859) and Workmen’s Breach of Contract Act (1859), Employers and workmen (disputes) Act (1860) etc. In 1881 when the system of industry and factory took proper shape, Indian Factories Act was introduced. Followed by Island Emigration Act 1892, etc.

Till the constitution of Indian Labour Organization - ILO, (1991) British rule in India had all the fore mentioned laws and a strategy which were meant for protection of employers. But fortunately after the First World War, somehow the concept of ‘Labour’ was changed and the attitude or the outlook of the society

towards labourers changed. ILO was established to uphold the welfare of labourers all over the globe. India luckily was one of the founder members. Thus the various conventions, recommendations of ILO influenced the formulation of Labour Policy in India.

In fact, the establishment of ILO provided a clear genesis for the formulation of Labour Policy in India. Because unlike the pro-employer policy of British prior to this, labour policy took a U-turn to pro-labourer. In these lines the Workers Compensation Act-1923, Provident fund Act-1925, Trade union Act-1926, and the Trade Disputes Act-1929 etc. were introduced to safeguard the interest of labourers. Also during the same period the first ever commission on Labour—‘The Royal Commission on Labour’ was appointed in 1929 and this stressed for the provision of health insurance to workers by accepting contributions from both employers and employees or workers, it also urged for a sort of old age pension and payment of gratuity. All these development in a way contributed to the ‘Welfare Dimension’ given to labour policy in the post-Independence era of India. Added to these the ‘Standing labour committee’ (1943) and the ‘Labour Investigation committee’ (1946) under Dr. B.R Ambedkar and few other committees and labour conferences further strengthened the cause of protection and lesser hours of work, recreation facilities better conditions at work place etc.

Moving on to the post-Independence era, the independent government by now had the privilege of introducing of newer legislations and amending the existing ones. By then the United Nations Organization (UNO) was established and undoubtedly the concept of human rights, the right to work of one’s choice, right against discrimination and such other standards influenced the makers of Labour Policy in India, also the makers of constitution were inspired to uphold the dignity of labour and thus incorporated these ideas in Articles 16,19,23 and 24 (chapter III) and Articles 39,41,42,43,43A, and 54 (chapter IV) of the Constitution of India along with provision for social security in the List III of schedule VII of the constitution. Also many of the labour laws on social security were initiated on the basis of Directive Principles of State Policy as enshrined in the Constitution of India.

Further the ideas of Mahatma Gandhi and Pandith Jawaharalal Nehru has had a great bearing on the minds of policy makers of the nation. While Gandhiji’s concept
of making rural communities self reliant, self-governed, self sustained production system, Land reforms etc had strong influence on Labour policy makers to advise a comprehensive approach to address the problems of rural labourers; Jawaharlal Nehru’s concept of modernization, industrialization, achieving a competitive edge has influenced the policy makers in this regard. It is worth mentioning the “Champaran Satyagraha”\(^{14}\) supported by Gandhiji in 1917 at Champaran district of Bihar. British rule imposed mandatory cultivation of Indigo by nearly thousands of landless and casual labourers along with petty cultivators in the district of Champaran were threatened and were exploited with lower prices for their produce along with strict denial of food crop cultivation. This exploitation raged this section of labourers and peasants who requested Gandhiji for help. Owing to their plea, he went to Champaran and studied the situation and he was institutional in setting up organizations to improve their conditions and thus this incident is worth mentioning to note the influence of Gandhiji in early labour organizations and movements.

Following this, there were several organized labour movements in several regions of India but mostly of those of industrial and factory workers. It is to be noted that most of these were strikes at specific regions. For instance, General Strike at Bombay, Plantation Workers strike at Bengal , labour movement in Madras, railway workers strike in north India etc.


FNCL(1969) in fact defined the term ‘Unorganized workers’ and urged for the extension of coverage of minimum wages Act for these workers. The commission has included the contract labourers, construction workers, casual labourers, bidi workers, workers in shops and commercial establishments, sweepers, scavengers and such

\(^{14}\) For more details visit the URL:-www.gandhiashramseva.org/story-of-gandhi/chapter-15-champaran-satyagraha.php
other workers under the head of unorganized labour. It has made general recommendations for unorganized labour.

Some of the major recommendations are:

- Carrying out “Detailed surveys” to have a better comprehension of the problems of different categories of unorganized labourers.
- There must be “constant review” of the laws and legislations for the labourers
- “The machinery for the enforcement of law and welfare measures should be strengthened”

Then appointed NCRL (1991) was actually formed in 1987 with the objective of identifying the problems of Rural Labour and it submitted the report in 1991. As per the official website of Press Information Bureau Government of India\(^ {15} \), the Government in fact has implemented the major of recommendations of this commission. For instance, Building and other Construction Workers (Regulation of Employment and Conditions of Services) Act 1996.

Further NCRL has also laid emphasis for the provision of old age pensions, life insurance, maternity benefit, disability benefit and minimum health care and sickness benefits to all rural workers. This commission on rural labour deserves closer attention in the context of the study. Some of the observations which appealed relevant to the context have only been discussed here, even though the report has covered all the aspects of rural labour like – planning process, trends in rural employment, indebtedness of rural labour, agriculture and non agriculture labour, bonded labour, migrant labour, women and child labour, tribals and forest, technology and rural labour, land reforms for rural labour, minimum wages, social security, research and statistics or rural labour.

In the discussion on the planning process and rural labour the report has stated the “planning has been largely confined to production and growth only, whereas human resource development and employment generation should have been very important objectives”. This shows that during the release of this report that is in early 90s the rural labour market situation was still the one with surplus labour and creation

\(^ {15} \) www.pib.nic.in
of employment was to be the agenda of policy makers. The report has in fact recommended for creation of employment and provision for access to basic necessities. Also the report had suggested for separate organization for monitoring the laws relating to rural labour and it had also suggested for respective funds and organizations for each category of rural labour. Most interesting element which needs to be made mention of is the problem of alcoholism and the report had suggested to limit the supply of liquor and that liquor must not be seen as avenue for State revenue but must be imposed heavy taxes to restrict consumption.

The SNLC appointed in 1999, was appointed after almost three decades, for the growing need of addressing changes in labour scenario in the wake of LPG. SNCL referred unorganized workers as “Workers in the unorganized sector include all the workers of unorganized sector as well as the casual and contract workers in the organized sector, who, for one reason or another, have failed to get the benefits of protective legislations or laws on social security”. Further to be more specific it states “In a sense, all workers, who are not covered by the existing social security laws like Employees State Insurance Act, Employees Provident Fund and Miscellaneous Provisions Act, Payment of Gratuity Act and Maternity Benefit Act, can be considered as part of the unorganized sector”. In reality, in the two terms of references to the Commission, the first was with reference to rationalizing existing labour laws in organized sector and the second is more of interest here for the reason that, it was regarding the suggestion for a comprehensive legal framework to safeguard the interests of labourers in unorganized sector. Consequently addressing the latter terms of reference, the SNLC, recommended for the initiation of umbrella legislation for labourers in unorganized and also the agricultural sector consequently.

NCEUS (2004) was set up by Government of India to “review the status of unorganized or informal sector in India including the nature of enterprises, their size, spread and scope and magnitude of employment”. In fact this NCEUS turns out to be supervisory body for creation of sustainable job opportunities in informal sector especially in rural areas. Also it is expected to identify apt strategies to improve the skills, infrastructure, financial support and such aspects related to improvement of the overall quality of the unorganized sector.

16 Page 608, NLCHI report
3.6. LABOUR POLICY APPROACH FOR RURAL LABOUR SO FAR

While discussing on the definition of Labour Policy, in the section 3.1 of this chapter, the segmented nature of the Labour Policy approach in India was noted. That is protection and promotion of Labour being secondary agenda, rural labourers and unorganized labourers in informal sector hardly came in discussions of labour policy or labour laws unlike high protection and systematized approach for organized industrial labourers. Further it was noted that primary approach for rural labourers was a variety of interventions in the rural economy. Debating on this attitude of Labour Policy makers in the nation, has in a way paved way for many scholars to both contest and acknowledge this approach. For instance, “Agriculture and rural labour hardly figure directly on the agenda of economic reforms and restructuring” , “The benefits from the meager allocations made in our country for social security accrue largely to the well-organized urban workers who constitute a small fraction of the total work force in the country” Rao (1998), further “The labour laws and legislation were found to serve the organized workers (Regular jobs) primarily and on the contrary, large portion of unorganized workers are not provided any security according to Majumder and Mukherjee (2008)17. Also it is noted by Jha18 (2009) that nearly 93% of workforce in India which is unorganized, hardly gets any sort of safety net from the existing labour laws and the plethora of laws for organized sector are also failure when it comes to implementation. He further goes to extent of opining that, the concept of labour market rigidity in more a myth. Because he notes that given volume of sound and efficient labour policies in black and white yet with changing political scenario, there cases of either ignoring old programs, completely rejecting the old ones or amalgamation of different programmes in the name of streamlining, processing a outcome of ‘inefficient implementation’ of such programmes.

Further those who acknowledge the approach of Labour Policy, declare that policies are framed according to contemporary issues and problems and economy’s situation in earlier times demanded for such segmentation with more emphasis to organized sector. This was owing to the fact that, in India, during early planning

17 Majumder and Mukherjee (2008), “ State Intervention and labour market in India : Issues and Options”, published online at http://impra.ub.uni-muenchen.de/12409/
18 Jha (2009), “Well being of labour in contemporary Indian Economy : What’s active labour market policy got to do with it?”. 
period, a Lewis type of transformation\(^{19}\) of surplus labour was assumed to take place. Also the influence of World wars and labour situations in the whole world during that time made the focus of policy makers to protect the interests of labourers in urban centres. Because the word labourer at that time evoked the image of factory worker and the popular ideas of Karl Marx exploitation theory\(^{20}\) along with the fewer number of urban labourers who were in a regular work environment all these factors inevitably resulted in such a approach. In contrast the huge size of rural labourers and their complex socio-economic environment must not have led the State’s role to be confined only to intervene in labour market.

With this background moving to the policy approach for rural labour that is Anti poverty and employment generation programmes, the following figure 3.2 gives a snapshot.

**Figure 3.3 : - Rural Labour Policy in India**

In the above mentioned figure - the focus of policy approach to rural labour has been broadly classified under 4 categories:

3.6.1 Provision of Employment - development initiatives

3.6.2 Provision of food security or Public Distribution System (PDS)

---

\(^{19}\) See Lewis dual sector model or Theory of Economic development with unlimited supplies of labour by Arthur Lewis -1954

\(^{20}\) The famous Karl Marx theory of labour exploitation which states that capitalism exploits the labour
3.6.3 Improvement of Quality of Life

3.6.4 Providing financial assistance and economic empowerment or more broadly ‘Financial Inclusion’ – and providing social security.

3.6.1 Provision of Employment and skill development initiatives

‘Surplus labour’ posed a major problem for Indian agriculture during post Independence [and even till now in some specific regions] and providing gainful employment and thus income was always seen as a challenge. Especially the seasonality of agriculture made it difficult for labourer to get livelihood throughout the year. So to address this, a considerable amount of effort has been put in by Government of India through its wage employment and self employment programmes under the broad banner of anti-poverty and employment generation programs. Huge pile of literature is available on the details of each scheme and programme, their evaluation, critic and success stories. But in reality, much progress has not been achieved in spite of massive coverage of programmes for the simple reason of poor implementation in the name of streamlining, effectively implementing the existing programmes. The figure 3.4 shows the various programmes implemented and later on ‘renamed’ or ‘merged’.

All the programmes implemented were broadly under the banner of anti-poverty programmes. These anti poverty programmes were further focused on the issues of employment provision both wage employment and self employment.

3.6.1. a. Wage employment programs

Wage employment programs are the most famous agenda of intervention by the State in the rural labour markets of India. In fact, wage employment program had become the most essential feature of policy to fight poverty and unemployment problems especially in rural India since independence. However, the decade of 1970s and 1980s i.e. specially during the sixth five year plan period, focused more on the provision of wage employment by direct interventions because it was noted by the policy makers that the policy till then was not successful in addressing the evils of unemployment and underemployment as mentioned by V.K Puri and Mishra (2013). Because till then, employment related aspects in planning was one of the many goals of development planning and not the central or main goal.
During the early planning period eradication of poverty in rural areas was the major agenda and only during the third five year plan, Rural Works Program (RWP) was introduced which was related to generation of employment. Further in the fourth five year plan period, Crash Scheme for Rural Employment (CSRE), Small Farmers Development Agency (SFDA), Marginal Farmers and Agricultural Labourers Development Agency (MFALDA) were launched besides continuation of the RWP. Added to these programs Food for Work Program (FWP) was introduced in 1976-77 which aimed provision of the work for food i.e. payment was made in food (kind) so as to make the best utilisation of the buffer stocks. Unfortunately the employment part was neglect and only the ‘food’ gained considerable popularity among the masses.

**Figure 3.4 : Wage employment programs: Merger and rename ( + denotes merger and -> denotes rename**

![Diagram showing various wage employment programs and their mergers and renames](image)

Source: Compiled by the researcher

The figure 3.3 shows the various programs implemented. The numbers in the parenthesis show the year of introduction of the respective program and the right arrow mark (→) reflects the renaming of the program and ‘the plus’ symbol (+) shows the merger. National Rural Employment Programme (NREP) (1981) – was a labour intensive project with target of providing employment and also creating durable community assets and Rural Landless Employment Guarantee Programme (RLEGP) (1983) employment for rural landless households at least 100 days in a year and create
rural infrastructure were introduced during the sixth five year plan due to the failure of the anti-poor programs introduced in previous plan periods. But problems with both these were the selection of target group and target asset creation. However before anything concrete could take place they were merged to Jawahar Rozgar Yojana – JRY (1989) for objective of achieving 90-100 days employment for BPL families in backward districts. This functioned till 1999, when need was felt to streamline, restructure JRY and was called as JGSY with the objective of improving quality of life of rural poor by providing gainful employment. Later in the year 2001, JGSY and EAS were merged to form Sampoorna Grameena Rozgar Yojana (SGRY) with target of providing employment and food to people in rural areas below poverty line. EAS was one such programme launched in 1993 in 1775 backward blocks situated in drought prone, desert, tribal and hilly areas. Further in 2006 with a legal sanction of an Act, NREGA was launched where State has obligation of providing 100 days employment for at least a member of rural household because now right to work is legally backed and SGRY and FWP were merged under the name of NREGA and later it was renamed as Mahatma Gandhi National Rural Employment Guarantee programme - MGNREGA. Now in the recent budget presented by current Finance Minister states for more productive assets creation under MGNREGA (2009).

3.6.1.b. Self employment programs

This discussion till here is regarding the wage employment component of employment category, next is the “self employment component”. These measures concentrated on the provision of opportunities for self employment and also training, enhancing skills among rural labourers. During the sixth five year plan Integrated Rural Development Program - IRDP (1978-79) was one of the major programmes introduced under self employment schemes. It was launched in 1978-79 and was extended to the entire nation in 1980-81. The sub programs of IRDP were Training of Rural Youth for Self Employment –TRYSEM (1979), Development of women and Children in Rural Areas -DWCRA (1982-83), Supply of Improved Kits to Rural Artisans – SITRA (1992), Ganga Kalayan Yojana - GKY (1997). However during 2002 IRDP along with the subprograms and Million Wells Scheme -MWS (1988-89) (MWS was introduced as a sub program of NREP and RLEGP during 1988-89) was

22 http://m.businesss.today.in by Arunima Mishra published on July 10 2014
merged into one single programme called as Swarnajayanthi Grama Swarozgar Yojana - SGSY (2002) in the name of restructuring. Recently in 2011, this has been renamed as National Rural Livelihood Mission – NRLM (2011) and the Ministry of Rural Development runs several programs under NRLM which is also known as Ajeevika.

These “Wage employment” and “Self Employment” programmes were exclusively for rural poor undoubtedly, but if one closely looks into the ‘refinement’ of the objectives in each stage of merger and renaming it can be observed that the focus of these policies became more and more general. Identification of beneficiaries would become more flexible in such a situation and officials responsible for implementation gain a reasonable excuse for their partial and biased selection of beneficiaries.

This is the flaw of approach of the labour policy for rural labourers. Although considerable or more than proportionate attention is given to rural labourers in policy arena, but it is under the label of ‘rural poor’ and not as ‘rural labourers’. The outlook of fighting poverty issues policy makers unfortunately sidelined the programme for employment. It can be accepted that mere interventions in labour market alone is not enough to help rural labourers but completely shadowing or overlooking the ‘job part’ like the idea of ‘decent job’, ‘skill enhancement’, ‘increasing labour productivity’, ‘provision of social security’, ‘improving the working conditions of labourers’ and such related issues cannot be accepted as it hinders the quality of human capital of the nation. Also this genre of general approach has marred the idea of ‘dignity of labour’.

3.6.2 Provision of food security or PDS Public Distribution System

Coming to the second aspect of policy for rural labourers is provision of the Food Security. The Public Distribution System (PDS) is one of the most helpful measures for rural population in this regard. In the age of higher inflation rates and competitive opportunities for employment, provision of rationed essential commodities is a commendable approach. The huge amount of food subsidy given by the State under this programme has far reaching consequences for enhancing food availability ensuring minimal nutritional status.
Yet unlike other schemes this programme is also not an exception from problems. Parikh (1994) states this benefited the poor only marginally. Radhakrishna and Indrakant (1997) opined that despite the presence of PDS poor are forced to shell out in the open market on essential commodities. Further the leakages, black-marketing and failures of FCI – Food Corporation of India to control this, has been discussed by Ahluwalia (1993). Along with the PDS, AAY was started. AAY – Anthyodaya Anna Yojana (2000) aimed to ensure food security and improve PDS system and targeted towards those who have a low purchasing power and that they are unable to get two square meals a day. Further, under Annapurna Anna Yojana – for old destitute who are not able to avail pension from National Old age Pension but are eligible, are provided ten kilograms of food grains. Added to these centrally sponsored schemes, State governments have their own schemes running to ensure food security for rural areas.

3.6.3 Improvement of Quality of Life

Third major area where policy makers have supported rural labourers is in the area of providing quality of life. Housing facilities, sanitation programmes, provision of education etc are clubbed here. In fact, the issue of land reforms is also one such effort to ensure better quality of life to rural people. Land reforms have not made much progress though except for in the States of Kerala and West Bengal23.

Indira Awas Yojana (IAY), Ashraya Yojana (1985-86) for several sub groups, the Rajiv Gandhi rural housing schemes and State specific programmes have provided shelter for rural poor in several areas, Right to Education -RTE, Sarva Shiksha Abhiyan and Mid Day Meals etc have popularized the awareness on importance of education and there is no doubt about the improvement in the literacy levels, enrolment levels in rural areas.

3.6.4 Providing financial assistance and economic empowerment or more broadly ‘Financial Inclusion’ –and providing social security.

Fourth and last but not the least are the provisions of ‘financial inclusion’ or financial security under the programmes of self help groups, micro finance activities, provision of insurance, pension for specific groups of rural labourers. Under the

broader programmes of National Social Assistance programme (NSAP), 5 schemes, namely Indira Gandhi National old age Pension Scheme, Indira Gandhi National Widow Pension Scheme, Indira Gandhi National Disability Pension Scheme, National Family Budget Scheme and Annapurna. All these programmes are initiated for rural population which includes rural labourers.

3.7 LABOUR IN CONCURRENT LIST

Major issue is the listing of the subject of ‘labour’ in concurrent list where the Constitution of India allows for that both the Central and the State government to pass legislations as categorised by Ministry of Labour and Employment report (2011) and they are:

1. Labour laws enacted and enforced by the Union government

2. Labour laws enacted by Union but enforced by both Union and State governments

3. Labour laws enacted by the Union but enforced by the State government

4. Labour laws enacted and enforced by the various State governments which apply to respective States

Shah (2013) in the report on issue of labour market flexibility argues that the subject of labour must be moved to the State list. Shah refers to Debroy (2011) who states that labour being in concurrent list implies that State governments will be in a position only either to make amendments to Central government’s laws or may be in a position to add new State statutes to a certain extent. He gives the example of “The Kerala Labour Laws Act of 2002, which is the simplification of returns and registers of small establishments”. Further as per the report of Shah, interstate differences in labour legislations have led to different outcomes in the labour markets. Shah quotes from Economic Survey of India (2004-05) and Labour bureau report (2012). The Economic survey of India (2004-05) states “Labour being a subject in the concurrent list, State-level labour regulations are also an important determinant of industrial performance. Evidence suggests that States, which have enacted more pro-worker regulations, have lost out on industrial production in general.” Subsequently the Labour Bureau Report (2012) provides evidence on that “Some of the States having pro-labour rights policies have not performed well in terms of unemployment rate.
The report is however not intended to arrive at any finding on the trade off or complimentarily between/of the pro-labour rights and pro-labour reform policies. It may perhaps be advisable for the State Governments to take cognisance of interstate differences in framing labour market policies.”

Shah (2013) however notes that there is no doubt that labour being in concurrent list not only has provided the States a competitive edge over each other and stimulate better outcomes, but also this has proven to be obstruction in exercise of absolute control of labour legislations. He further urges that moving the subject of labour from Concurrent list to State list will remove such obstacles for States’ autonomy.

3.8. RECENT DEVELOPMENTS

With the growing hue and cry over the demands from unorganized sector and vulnerability of the sector in recent years the State has initiated several programmes, committees, bills, acts, legislations to safeguard the labourers in unorganized sector. Major of such programmes are the agricultural Workers Welfare Bill (2007), Unorganized Social Security Act (2008), The Rural Labour Welfare Bill (2012), Pandit Deendayal Upadhyay Shramev Jayate Karyakram (2014).

Agricultural workers’ conditions of work and social security bill (2007) aims to provide all basic facilities – first aid and safety equipments – compensation for injury at work place or occupational hazards, no sexual harassment, 8 hours of work and any extra hours to be considered overtime and given wages per hour – women and adolescent children not allowed to work between 9 pm to 5 am.

The Unorganized Workers’ Social Security Act - 2008 was passed to provide Social Security for the unorganized workers in the nation. Based on the provisions of this Act, the Government is bound to design welfare schemes to cover the life, disability, health, maternity, old age etc of the unorganized workers. The provisions of the Act facilitates for the welfare of rural labourers also. It mainly consists of elements such as life and disability cover, health and maternity benefits, old age protection and provisions for State governments to take up any labour welfare measures like accident benefits, housing, education and health facilities or funeral assistance etc
The Rural Labour (Welfare) Bill, (2012) was introduced to provide for the welfare measures to be undertaken by the State for the rural labour employed in the agriculture sector and allied activities and other rural occupations by establishing a Welfare Fund for such labour and for taking other measures to improve the living conditions, working conditions and for matters connected. This bill allows for formulation of National policy for provision for employment, education and health facilities, drinking water and other sanitation facilities, old age pension etc for rural labourers.

The most recent Pandit Deendayal Upadhyay Shramev Jayate Karyakram (2014) must made mention of. This encompasses five components like - Provision of Labour Identification number called as LIN through Shram Suvidha Portal, Random inspection scheme, Universal Account Number to enable easy flow of provident fund, Apprentice Protsahan Yojana to reduce financial burden of manufacturing units, provision of smart card for unorganized sector workers under revamped Rashtriya Swasthya Bima Yojana.

3.9. SUMMARY

The chapter comprises of a brief introduction followed by a discussion on need for review of policy for rural labour which highlights the plausible factors which demands attention of policy makers. Next the concept of labour policy has been discussed. Subsequently analysis of cross country evidences on casual wage labour program and labour policy framework shows huge differences among countries based on level of development. Also labour policy evoked policies and legislations for organized industrial or factory workers and it is seen that only in recent years the unorganized and informal labour are gaining attention of policy makers. It was seen rural labourers have been grossly neglected in policy arena and are broadly classified as ‘rural poor’ and thus the aspect of ‘labour’ has been remarkably neglected. The history and evolution of labour policy in India has been studied.