

# India: Public policy

Author: Rucha Bhate

Persistent link: <http://hdl.handle.net/2345/3515>

This work is posted on [eScholarship@BC](#),  
Boston College University Libraries.

---

Chestnut Hill, Mass.: Sloan Center on Aging & Work at Boston College, 2010

This work is licensed under the Creative Commons Attribution-NonCommercial 3.0  
Unported License (<http://creativecommons.org/licenses/by-nc/3.0/>).

## INDIA

*Public Policy*

Rucha Bhate



## TABLE OF CONTENTS

In-Country Policy Context 2

Policy Overview—  
Dimensions of  
Quality of Employment 4Contextual Focus—  
Child Labor in India 11Implications for  
Quality of Employment 13

This policy brief discusses labor and employment related laws in India, which relates to the dimensions of the quality of employment. Rather than discussing all labor and employment related public policies, this policy brief will highlight the most significant legislation in order to provide a general introduction to current public policies pertinent to quality of employment in India.

This brief includes four sections:

- An in-country policy context introducing the reader to the policy background of India.
- A discussion of dimensions of quality employment, providing a policy overview of the major public policies affecting each dimension. The following matrix represents factors that impact the quality of employment. Both employers and employees have a role in determining whether these factors are fulfilled, but government policies strongly influence how this is accomplished. Discussion for each dimension of quality of employment consists of several forms of public policies, including mandate laws, administrative measures, or programs which moderate the Indian labor market. Many employment laws are multi-faceted and therefore apply to a number of qualities of employment indicators, while others laws and policies neatly fall within one or another factor. This policy brief discusses six components in this matrix. Opportunities for Meaningful Work and Workplace Flexibility are omitted because currently they do not constitute the core of labor market legislation in India.
- A contextual focus on Child Labor in India and major policy challenges that the Indian government is facing today and will continuously be coping with in the future.
- A brief conclusion on the implications of policy for quality of employment in the India.



This brief uses the quality of employment framework to discuss the effect of public policies in the India.

## IN-COUNTRY POLICY CONTEXT

Before discussing the key dimensions of public policies in India, it is fitting to provide a brief background relating to the country context, including the history of labor related public policies that directly affect quality of employment in India.

### *History of labor related public policies in India*

The basis of India's labor policy can be found partly in the ideas and declarations of important national leaders during the freedom struggle, in several debates that took place in the constituent assembly, in the constitutional provisions and partly in various international conventions and recommendations arising therein. It has also been significantly influenced by the deliberations and proceedings of the Indian Labour Conference and the recommendations of successive National Committees and Commissions, namely, the Royal Commission on Labour, the National Commission on Labour of 1969, and the National Commission on Rural Labour of 1991.

Structural reforms in India intensified after a wave of liberalization in 1991 put the economy on a secularly increasing growth trajectory. Total labour force in the country is growing steadily but has not resulted in a concomitant rise in organised (formal) sector employment. The twin phenomena of high growth momentum coupled with lackluster employment generation in India are believed to be a by-product of archaic and rigid labor market policies. The vast majority of reform-oriented analysts claim that economic reforms have penetrated the trade and industrial sectors in India; however, the labor markets have not received due policy focus.<sup>1</sup> Thus, India's labour market reforms have constituted an eclectic policy area in recent decades.

India has ratified a total of 39 Conventions at multiple sessions of the International Labour Organization.<sup>2</sup> These include conventions on hours of work, unemployment, night work, minimum wages, weekly rest, workers' compensation, forced labour, labour inspection, child labour, underground work, and equal remuneration for men and women for work of a similar nature.

India's constitution has granted legislative powers concerning labor policy issues to both the Centre and the States, making labor policy the subject of concurrent lists.<sup>3</sup> Labor administration in India is mostly rooted in labor laws (see

Key Practice 1). At the Centre, the Ministry of Labour, and in the States, Labour Departments are at the helm of labor related matters. Interestingly, labor market legislation and enforcement machinery have disproportionately favored and targeted the formal sector despite the fact that it accounts for only about 7% of the total labor force in India.<sup>4</sup>

Five broad types of legislations span the spectrum of labor laws in India: industrial relations laws, welfare and safety laws, social security laws, wage laws and special laws designed for particular sectors or labor categories.

*Key Practice 1: Central Industrial Relations Machinery (CIRM)<sup>5</sup>*

The Chief Labor Commissioner's (central) organization, known as the CIRM, is an attached office of the Ministry of Labour. It is entrusted with the tasks of maintaining industrial relations, enforcing of labor laws in the central sphere and verifying trade union membership by record checking and sampling.

*Maintaining Industrial Relations*

The CIRM ensures harmonious industrial relations through:

- Intervention, mediation and conciliation in industrial disputes;
- Intervention in situations of threatened strikes and lockouts;
- Implementation of settlements and awards; and
- Enforcement of other provisions in industrial Dispute Act relating to Works Committee, recovery of dues, retrenchment, layoff, and unfair labor practices.

*Enforcement of Labor Laws*

The machinery enforces most of the Labor Laws and their associated rules. These laws include: Payment of Wages Act, Minimum Wages Act, Equal Remuneration Act, Contract Labor (Regulation and Abolition) Act, Interstate Migrant Workmen Act, Child Labor (Prohibition and Regulation) Act, Payment of Gratuity Act, Payment of Bonus Act, Industrial Employment (Standing Orders) Act, and Maternity Benefit Act.

*Miscellaneous Functions*

- Conducting periodic meetings of the Minimum Wage Advisory Board
- Defending the Ministry of Labor (MoL) in writ petitions filed in different high courts
- Assisting the MoL in preparation of various reports required to be submitted to ILO
- Advising the MoL in conflict situations such as strikes of an all-India nature
- Maintaining liaison with state government labor departments for information collections as directed by the ministry

## POLICY OVERVIEW

### DIMENSIONS OF QUALITY OF EMPLOYMENT



#### ➡ Indicators of Fair, Attractive, and Competitive Compensation & Benefits

*Employees' basic economic needs are secured and fair and equitable distribution of compensation and benefits among employees is promoted.*

#### Overview

In order to assure fair remuneration to several classes of labor, the Indian government has enacted a series of measures classified broadly into Minimum Wage Laws and Social Security legislations. The minimum wage in India was set in the Post-World War II era when the Indian Labor Conference evaluated a draft bill in 1945.<sup>6</sup> Laws explicitly dealing with major aspects of social security such as provident fund, gratuity, pension, and maternity benefits are in force today to safeguard the long term security of workers and their families.

#### Minimum Wage

A sound wage policy is an essential prerequisite for the socioeconomic justice of the working population. With this in mind, the Indian government enacted the Minimum Wages Act of 1948, focusing on fixation and periodic revision of minimum wages across a wide array of employment categories. The appropriate government (centre or state) may fix minimum wages for time and piece rates and revise them at intervals not exceeding five years. Minimum wage differs according to employment class, age (adolescent, adult), location, and time period (hour, day, month or longer duration). The minimum wage so specified consists of a combination of basic rate and a special allowance linked to the consumer price index (variable dearness allowance) or

subsidized supply of essential commodities. Moreover, this act also includes determination of number of hours constituting a normal working day with intervals, provisions for a day of rest for every seven days worked, and overtime pay.<sup>7</sup> Persons employed in shops, restaurants, and theaters are granted a rest day under the Weekly Holidays Act of 1942.

Interestingly, India does not yet have a uniform nationwide minimum wage. This possibility has been a bone of contention in numerous discussion forums. However, widely varying socioeconomic, geographical, and agro-climatic factors have thwarted consensus formation among states and union territories. In 1991, based on the recommendations of the National Commission of Labour, the central government adopted the concept of a national floor level minimum wage of Rs. 35/day (USD 0.70) increasing it to 92 rupees per day in 1999 in accordance with inflation.

#### Social Security

Social Security benefits in India are primarily need-based. Social Security in India adopts a comprehensive approach designed to prevent deprivation, assure the individual of a basic minimum income for himself and his dependents and to protect the individual from any contingencies or uncertainties. The State bears the primary responsibility for developing appropriate system for providing protection and assistance to its workforce.<sup>8</sup> There is a wide spectrum of social security laws enacted in India encompassing important employment dimensions such as provident fund, gratuity, maternity benefit, and employee state insurance. Some of these legal provisions are described below.

**Provident Fund:** The Employees Provident Fund Act (1952) specifies the amount and manner of employer and employee contributions to provident funds. This scheme addresses basic employee needs such as retirement, medical care, housing, family obligation, childrens' education, and financing of insurance policies. As per the latest amendment in this act, both employees and employer contribute to the fund at the rate of 12% of basic wages, dearness allowance and retaining allowance, if any, per month. A member of the provident fund can withdraw full amount at the credit in the fund on retirement from service after reaching the age of 55 years or under specific circumstances (disablement, termination of service, or migration).<sup>9</sup>

**Pension:** The Employee Pension Scheme under the Employees Provident Fund Act (1995) provides for monthly pension to employees on their superannuation and for pension to widows and children of employees. It was originally conceived as a benefit-defined Social Insurance Scheme based on actuarial principles for ensuring long term financial sustenance. No separate contribution is payable by the member for the Pension Scheme benefits. The new Pension Scheme, similar to the old Employees' Family Pension Scheme of 1971, derives its financial resources by partially diverting funds away from the Provident Fund contribution.<sup>10</sup>



**Maternity Benefit:** India is one of the first countries to enact laws for maternity protection. Under Article 42 of the Constitution of India, states are required to make provisions, inter alia, for maternity relief. The Maternity Benefit Act (1961) in India seeks to regulate the employment of women for periods before and after childbirth and governs the provision of various maternity benefits such as maternity leave, wages, medical bonus, and nursing breaks.<sup>11</sup> A National Maternity Benefit Scheme (1995) has also been initiated under the National Social Assistance Program (NSAP) to offer financial assistance to mothers below the poverty line.

**Gratuity:** Payment of Gratuity Act (1972) sets the rule and enforces the payment of gratuity: a reward for long service as a statutory retirement benefit for employees who earn up to USD 70 per month and have rendered a continuous service for 5 or more years excluding central and state government employees who are beneficiaries of an alternative gratuity scheme. The maximum gratuity payable is around USD 7000.<sup>12</sup>

### ➡ Indicators of Opportunities for Development, Learning, & Advancement

*Job skill development and advancement are promoted for employees of as many industrial sectors, employment statuses, and life/career stages as possible.*

### Overview

The demand for skilled labor force is continuously rising in this era of globalization. Technological diffusion, new organizational designs, sophistication in production processes and heightened competitiveness have contributed to faster economic growth and concomitant employment expansion. To leverage these opportunities, a pool of high-quality human capital with appropriate skill-sets is critical in every nation. Moreover, technological changes and cross-border economic integration entail considerable social costs that can be contained only when accompanied by gradual up-gradation of labor force capabilities and skill training. Therefore, providing incentives for training programs to adapt to changing industrial dynamics is imperative.

At present, the capacity of skill development in India is around 3.1 million persons per year. India has set a target of imparting skills to 500 million people by 2022. Development and articulation of a national policy on skill development to reap the benefits of India's demographics and to harness inclusiveness is of utmost importance.<sup>13</sup>

### Apprenticeship

Skill enhancement is a vital component of human resource development. However, formal training imparted in specialized technical institutions alone is not sufficient and needs to be duly supplemented by on-the-job training. Under this backdrop,

the Apprentice Act (1961)<sup>14</sup> was enacted to regulate the framework laid down for apprentice training and to utilize the facilities available in the industry so as to enable the provision of practical training in order to fulfill the demand for skilled manpower. This act directs the employers to hire apprentices in certain designated trades as specified by the government. The act has since been amended several times to make it more inclusive and flexible in character. It also lays down the specifics of apprentice training program, including stipend payment, minimum age and basic qualification of the trainee, training period and content.

### Workers' Education

Human resource development is also the primary objective of workers' education in many developing countries. Workers' education deals with providing workers and their representatives with the necessary training to play an effective role in the economic and social life of their respective societies. The rationale for workers' education in India stems from the belief that strong and enlightened trade unions can be a great asset to the country in the wake of rapid industrialization. The Central Board for Workers' Education (CBWE) under the auspices of the Ministry of Labor and Employment was established by the government of India in 1958 as a semi-autonomous agency to implement workers education schemes at national, regional, unit and village levels.<sup>15</sup> Workers' Education was introduced in India's second five year plan (1956-61) with the understanding that harmonious relations between labor and management were critical for successful plan implementation. The subsequent plans made budgetary provisions for various workers' education schemes administered by the CBWE. CBWE is a tripartite body consisting of representatives from central organizations of both workers and employers, central and state governments, and educational institutions. The Board organizes different types of training programs for workers in the unorganized, organized, rural and informal sectors at various levels in the organizational hierarchy. The idea is to enhance self-confidence, inculcate scientific attitude among the workers, and generate critical awareness of problems, privileges, and obligations as workers and citizens.

In 1974, the Government of India established an autonomous body under the aegis of the Ministry of Labor called the V.V. Giri National Labor Institute as a premier organization for action-oriented research, grass root level training and education in the area of labor. Initiating research projects focusing on labor-related issues and problems takes center-stage in the institute's activities. Moreover, the memorandum of association clearly mandates the institute to undertake and assist in organizing training, education programs, seminars and workshops as well as foster collaboration with other national and international agencies.



### Indicators of Wellness, Health & Safety Protections

*Protection of employees' safety and health at their worksite is mandated, and their physical and mental well-being is promoted. In case of job-related injury or illness compensation or other forms of social protection are offered in an accessible manner.*

### Overview

Safety in industrial and agricultural operations is a critical requirement not only for the worker and the firm, but also for the society at large. Occupational and health hazards and accidents affect all sections of the society. This implies that working conditions in any industrial enterprise must be conducive to the protection of human life and limb. In India, laws on safety of industrial workforce precede the Constitution. Under the Indian Factories Act of 1881, the District Magistrate was designated as the safety-enforcing agent. Factory Inspectors were appointed as early as 1911 even though the current Factories Act came into action only in 1948. Today, there exists a whole spectrum of legislative provisions ensuring the safety of persons working in industrial and commercial organizations.

The improvement of labor welfare and increasing productivity with an adequate social security net are two pivotal goals concerning social and economic policy of Indian government. Resources have been directed through the Plan programs towards skill formation and development, monitoring and regulating working conditions, creation of industrial harmony through appropriate health infrastructure and insurance against disease, accidents, and unemployment for workers and families.

### Occupational Safety

The Indian Constitution contains specific provisions for occupational safety and health of workers. Article 39 (e&f) directs the state to ensure that the health and strength of workers, both men and women, and the tender age of children are not abused and that the citizens are not forced by economic necessity to enter avocations unsuited to their age and strength. It also aims to provide opportunities for children to maintain



their dignity and freedom and protect their childhood and youth against exploitation and moral and material abandonment. Article 42 advises the State to make adequate provisions in order to create just and humane conditions of work and maternity relief. Article 24 prohibits the employment of children below the age of fourteen years in any factory, mine or other hazardous establishment. The Directorate General of Mines Safety (DGMS) and the Directorate General of Factory Advice Service and Labor Institutes (DGFASLI) are the two field organizations under the ambit of Ministry of Labor and Employment that strive to enforce the aforementioned principles.<sup>16</sup>



In conjunction, the draft Occupational Health and Safety Bill (2002) seeks to assure safe and healthy working conditions for employees and other workers by enforcing specific codes under this act and by assisting and encouraging state governments in their efforts by providing for research, information, education, training and statistics in the safety and health domain.

#### *Employee State Insurance*

Employee State Insurance Act (1948) is a piece of social welfare legislation enacted mainly with the objective of providing particular benefits to employees in case of sickness, maternity and employment injury.<sup>17</sup> The act focuses on attainment of socioeconomic justice as enshrined in the directive principle of state policy under part 4 of Indian Constitution in particular articles 41,42,43 which direct the State to make effective provisions for securing the right to work, to education and public assistance in events of unemployment, old age, sickness and disablement. It is a comprehensive mandate specifying in detail the wide spectrum of benefits and contributions. Envisaged as an integrated need based social insurance scheme, the ESI Act has further led to the establishment of the ESI Corporation by the central government to implement this scheme.

#### *Workmen's Compensation*

Along with the broad-based ESI Act, the Workmen's Compensation Act (1924) seeks to provide compensatory payment to workmen and their dependents in case of accidents arising out of and in course of employment leading to death or disablement.<sup>18</sup> It acts as an insurance against personal injury.

#### *Child Labor*

Child labor in India is a grave and widespread problem covering a number of sectors (e.g. carpet making, Beedi industry).<sup>19</sup> India has followed an aggressive strategy to tackle this crisis by enforcing constitutional, statutory and developmental measures targeted to eliminate child labor. An in-depth investigation encompassing the details of this problem is presented in the special issue section of this report.

#### ➤ Indicators of Opportunities for Meaningful Work

*Opportunities for meaningful or fulfilling employment are promoted through facilitating appropriate job-skill matches, self-realization through occupation, or community participation away from routine work.*

This dimension is omitted because it is not the focus of legislation in India.





### ➤ Indicators of Provisions for Employment Security & Predictability

*Stable provision of employment opportunities for job seekers is promoted, clear communication of terms of employment is facilitated, and protecting job security of the employed is a policy objective.*

#### Overview

India is currently the second most populated country in the world, second only to China. With a workforce of more than 440 million, and in particular a huge pool of English-speaking, skilled graduates, coupled with strong economic growth, the need for creation of gainful employment opportunities has increased dramatically. The Indian government is doing its best to strike an efficient balance between the demand and the supply of labor. For instance, the Union Public Service Commission (UPSC) and the Staff Selection Commission (SSC) conduct competitive exams for recruitment to various public services and relevant posts. In addition, various employment exchanges have also been set up to aid the employment matching process.

#### Employment Exchanges

National Employment Service or Employment exchange is operated by the Directorate General of Employment and Training of the Ministry of Labour. Approximately 900 employment exchanges strive to facilitate a more efficient and timely matching of labour demand and supply. Prospective job seekers register themselves with such agencies and are notified as soon as a position in the government sector matching their profiles becomes available. Any employer in the public sector establishment is legally bound to notify such exchanges of any potential vacancy as per the Employment Exchanges act (1959).<sup>20</sup>

The employment exchanges play a significant role in assisting the youth in finding paid employment opportunities. They also assist in kick-starting productive self-employment ventures through a multitude of vocational guidance initiatives. In a nutshell, registering the applications of job-seekers and notifying them about suitable vacancies, collection and dissemination of employment market information, and providing vocational guidance to students and the youth are the key functions of employment exchanges in India.

The National Rural Employment Guarantee Act of 2004<sup>21</sup> was enacted to safeguard the fundamental right to work by providing guaranteed employment at statutory minimum wage to at least one adult per household in rural areas of India. It seeks to achieve the dual objectives of rural development and employment generation. According to this act, every household in rural India shall have the right to at least 100 days of guaranteed employment every year for minimum one adult member, who is ready to engage in casual manual labor at the statutory minimum wage. Furthermore, this act also mandates the establishment of a Central Employment Guarantee Council to facilitate periodic review and monitor the implementation of this act at the national level as well as a similar governing body at the state level. This act intends to improve the purchasing power of rural unskilled and semiskilled workers and, in general, people living below poverty line. The motive is to reduce the inequality of income distribution and narrow the rich-poor divide in India.



### ➤ Indicators of Workplace Flexibility

*Availability and utilization of flexible work options are promoted for employees of various life stages through increasing their control over work hours, locations, and other work conditions.*

This dimension is omitted because it is not the focus of legislation in India.



### ➤ Indicators of Culture of Respect, Inclusion & Equity

*Diversity in the workforce and inclusion of less advantageous populations are promoted, and equity in work conditions is pursued.*

#### Overview

After India gained independence, the Constitution of India listed some erstwhile groups as scheduled castes (SC) and Scheduled Tribes (ST).<sup>22</sup> The drafting panel of the Constitution believed that, due to the archaic caste system, SCs and the STs were historically oppressed and denied respect and equal opportunity in Indian society and lacked due representation in nation-building activities. This led to the enactment of concrete legislations to include the disadvantaged minority groups in India.

#### Affirmative Action

The underlying theory regarding affirmative action in India is that the gross under-representation of the identifiable groups is a legacy of the age-old Indian caste system. Accordingly, the Constitution determined 15% and 7.5% of vacancies in government-aided educational institutes and government/public sector jobs as reserved quota for the SC and ST candidates respectively for a period of five years, after which the situation was to be reviewed. This period was routinely extended by the subsequent governments and the Indian Parliament, and no revisions were undertaken. Hence, affirmative action in the socioeconomic domain remains one of the most controversial policy issues in India.

#### Equal Remuneration Act

Article 39 of the Indian Constitution envisages that all citizens, both male and female, have the right to adequate means of livelihood and the State shall direct its policy to ensure that there is equal pay for equal work for both men and women. In this context, the Equal Remuneration Act (1976)<sup>23</sup> was promulgated to provide equal remuneration for to male and female workers for same work, thus preventing sex-based discrimination against women in the employment domain. The act is extended all across India and applies to almost all kinds of establishments.



### ➡ Indicators of Promotion of Constructive Relationships at Work

*Employer-employee frictions and conflicts are mitigated, and constructive workplace relations are facilitated.*

#### Overview

In 1975, during the Emergency, the Indian Constitution was amended to include Article 43A, whose aim was to raise productivity, promote industrial peace and create a sense of involvement amongst the workers. This article that constituted part of the Directive Principles of State Policy provided that “The state shall take steps by suitable legislation or in any other way to secure participation of workers in the management of undertakings, establishments or other organizations engaged in the industry.”<sup>24</sup>

#### Industrial Dispute Act (1947)

The objective of the Industrial Disputes Act<sup>25</sup> is to secure industrial peace and harmony by providing machinery and procedure for the investigation and settlement of industrial disputes by negotiations. The Act also underlines

- Provision for payment of compensation to the workman in the event of a closure, lay off or retrenchment;
- Procedure for prior approval of appropriate government for laying off or retrenching the workers or closing down industrial establishments; and
- Unfair labor practices on part of an employer or a trade union or workers.

#### Trade Unions

The phenomenon of trade unionism has come to the fore owing to the wave of industrialisation and capitalism. Trade unions underscore collectively the rights of the workers. In developed (industrial) countries, trade unionism has had significant ramifications on the social, political and economic life. India started off as a predominantly agricultural country

in the post-independence era whereas trade unionism is restricted mainly to industrial areas and it is still in a stage of growth. Trade Unions Act of 1926<sup>26</sup> provides for registration of trade unions of employers and workers in India and in certain respects, it defines the law relating to registered trade unions. Thereby, it confers legal and corporate status on registered trade unions.

#### Workers' Participation in Management

The Industrial Policy Resolution adopted by the Indian Government in 1956 declared that in a socialist democracy, labor was a partner in the common task of development, and should be asked to participate in it with enthusiasm. A tripartite committee appointed to investigate this matter recommended the establishment of Joint Management Councils (JMCs) in all undertakings that would deal with all employee related matters except those belonging to the domain of collective bargaining such as wages, bonus, or work hours. However, after reviewing the operations of JMCs, the labor commission of India realized that there was not much support for the institution of JMCs. The commission claimed that when recognition of Trade Unions becomes an accepted practice, both management and unions would themselves gravitate towards greater cooperation without an explicit entity such as the JMCs.<sup>24</sup>

Section 3 of the Industrial Disputes Act, 1947 empowered appropriate governments to require employers employing 100 or more workers in any establishment to create Works Committees. The functions envisaged for the Works Committee involve promotion of measures securing and ensuring cordial relationships between employer and workers as well as addressing any difference of opinion between the two parties. Works Committees are designed to deal with issues of occupational safety, sanitation, adjustment of festivals and national holidays, educational and recreational activities etc. On the other hand, items such as wages and allowances, bonus and profit sharing, workload determination, retrenchment, and retirement benefits do not come under the jurisdiction of Works Committees.<sup>24</sup>

In sum, it has thus become incumbent on the state to strive towards the effective participation of workers in the management of industrial establishments. Subsequently, government formulated a scheme to foster workers' participation in industry at shop floor and plant level by setting up shop councils and joint councils respectively with equal representation from employers and workers.<sup>24</sup> Thus, Indian policymakers have taken workers participation in management very seriously, with different policies and initiatives being formulated periodically.

## CONTEXTUAL FOCUS:

### CHILD LABOR IN INDIA

#### *Background and Current Scenario*

The number of children below the age of fourteen in India exceeds the entire population of United States and constitute around 3.6% of the total Indian labor force. According to the 2002 Census, there are 12.66 million working children under the age of fourteen years in India.<sup>27</sup> A vast majority of them reside in rural areas, working predominantly in agricultural activities such as fanning, livestock rearing, forestry and fisheries. This labor is outside the scope of formal sector as well as industry. Indeed, nine out of ten working children work within a family setting. Providing nutrition, education and health care to these children is a formidable challenge for India, as an emerging economy.

Some of the major causes of Child Labor are as follows:<sup>28</sup>

- Poverty, illiteracy and overpopulation
- Unemployment amongst adults
- Industrial revolution and urbanization
- Absence of organized unions and protection

#### *Policy Framework*

The post-independence era has witnessed an undying commitment of the Indian government to the child welfare via numerous constitutional provisions and programs. Article 39 of the Directive Principles of State Policy in the Indian Constitution pledges that “the State shall, in particular, 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 citizens are not forced by economic necessity to enter avocations unsuited to their age or strength, that children are given opportunities and facilities to develop in a healthy manner, and in conditions of freedom and dignity, and that childhood and youth are protected against exploitation, and against moral and material abandonment.”<sup>27</sup>

In addition, India became a party to the UN Declaration on the Rights of the Child (1959) and subsequently adopted the National Policy on Children in 1974.<sup>27</sup> This reaffirmed the constitutional provisions by asserting that “it shall be the policy of the State to provide adequate services to children, both before and after birth and through the period of growth to ensure their full physical, mental and social development.”

The first act concerning child labor in India was the Enactment of Children (Pledging of Labor) Act of February 1933. Since then, nine different Indian legislations relating to child labor have been put in force.<sup>27</sup> The strategy of progressive elimination of child labor underscores India’s legislative intent and commitment, and takes into consideration that child labor is not an isolated phenomenon that can be tackled without simultaneously factoring in socio-economic milieu that is at the root of this problem.

On December 2<sup>nd</sup>, 1992, India ratified the Convention on the Rights of the Child which came into force in 1990.<sup>27</sup> This ratification indicates that India will strive to instil widespread awareness within government agencies, implementing agencies, the media, the judiciary, the public and children themselves regarding matters intimately linked to children’s rights. The Government’s objective is to meet the goals specified in the Convention and to amend all legislation, policies and schemes to meet the standards set therein.

India has consistently followed a proactive approach with respect to child labor, and has sought for constitutional, statutory and developmental measures to combat the same. India is also a signatory to the World Declaration on the Survival, Protection and Development of Children. India also was the first country to join the International Program on the Elimination of Child Labor (IPEC), which is a global initiative launched by the International Labor Organization in December 1991.<sup>27</sup> The primary aim of IPEC is to contribute to the effective abolition of child labor in the world. In addition, India is collaborating with the United States in a joint project targeted at elimination of child labor in hazardous sectors. (See Key Practice 2)

#### *Key Practice 2: INDO-US Child Labor Project (INDUS)<sup>29</sup>*

The Ministry of Labor, Government of India and US, Dept. of Labor have jointly designed and financed a project for Prevention & Elimination of Child Labor in identified hazardous sectors of India, called the Indus project. The implementation targets for this project consist of ten hazardous sectors in 21 districts across five Indian states. An estimated 80,000 children will potentially be identified and withdrawn from hazardous occupations and gradually rehabilitated through transitional education or vocational training. Other schemes include generating viable income generating activities for affected families, fostering public education of child workers, social mobilization and capacity building of institutions.

*Key Practice 3: National Child Labor Project (NCLP)<sup>29</sup>*

In 1988, Indian government undertook this key initiative with to eradicate the problem of child labor. NCLP deals with project societies at district level which would be fully funded in order to establish special schools and rehabilitation centres for child labor. These facilities would, in turn, provide non-formal education, vocational training, supplementary nutrition, healthcare, and stipends to children withdrawn from formal employment.

The Child Labor (Prohibition & Regulation) Act, 1986 of India prevents the employment of children below the age of 14 in factories, mines and in other forms of hazardous employment, and regulates the working conditions of children in other occupations.<sup>27</sup> India announced a National Policy of Child Labor in 1987, and was probably first among the developing countries to implement such a progressive policy. India has also independently spearheaded a wide array of projects to tackle the issue of child labor (see Key Practice 3).

The Indian government is committed to the eradication of child labor from the country. The world's largest child labor elimination program is currently being implemented at the grass roots level in India, aimed at providing primary education for a targeted population of nearly 250 million. Several non-governmental and voluntary organizations are involved in this initiative.<sup>27</sup> Special investigation cells have been established in various states to enforce existing laws that ban employment of children in hazardous industries. Thus in a nutshell, India has adopted a multi-pronged approach to combat the problem of child labor and is on the path towards complete elimination of this age-old socioeconomic evil.

## IMPLICATIONS FOR QUALITY OF EMPLOYMENT:

So far we have tried to outline some of the important constitutional and legislative milestones with reference to Labor and Employment Laws in India. Notwithstanding the various policies and acts formulated and implemented by Indian policymakers in an effort to enrich and improve quality of employment in India, more ground needs to be covered. Archaic labor laws enacted right from the pre independence era cannot be simply enforced today without the revisiting their foundations and evaluating them in the light of various socioeconomic transformations that India has witnessed in the past.

Labor reforms constitute an eclectic area of policy debate in recent years. The strategy of liberalization would not lead to the intended consequences if Indian policymakers carefully address the critical challenges related to labor market reforms. Archaic trade union laws and widespread procrastination and beurocractic delays in enforcing adjudication of industrial dispute is plaguing majority of Indian employers.

Enhanced productivity, efficient customer service, cost-effectiveness, adhering to delivery schedules, technological up gradation and widespread modernization are essential prerequisites for judging the quality of management in Indian companies. Labor reforms act as catalyst to ensure better competitiveness and boost investment. The crucial importance of eliminating the rigidity and restrictiveness of labor laws and making them simpler and more flexible has been underscored by the President and Prime Minister of India repeatedly.<sup>30</sup>

The case for labor reforms could not have been argued better than in this extract from the Economic Survey of 2005-06: "... Indian Labor Laws are highly protective of labor, and labor markets are relatively inflexible. These laws apply only to the organized sector (that constitutes a fraction of the total labor force). Consequently, these laws have restricted labor mobility, have led to capital-intensive methods in the organized sector and adversely affected the sector's long-run demand for labor."<sup>30</sup>

To sum up, initiating multipronged labor law reforms in India is the need of the hour and a top priority policy agenda for the Indian government in the new millennium.

## REFERENCES:

- 1 Ahluwalia, M. S. (n.d.). *Economic reforms in India since 1991: Has gradualism worked?* Retrieved January 10, 2010 from <http://planningcommission.nic.in/aboutus/speech/spemsa/msaoo8.pdf>
- 2 Ministry of Labor and Employment, Government of India. (n.d.). *India and the ILO*. Retrieved January 10, 2010, from <http://labour.nic.in/ilas/indiaandilo.htm>
- 3 Ministry of Labor and Employment, Government of India. (n.d.). *Labor policy*. Retrieved January 10, 2010, from <http://labour.nic.in/main/policy.htm>
- 4 Felipe, J. & Hasan, R. (eds.). (2006), *Labor markets in India: Issues and perspectives*. London: Palgrave Macmillan for ADB.
- 5 Ministry of Labor and Employment, Government of India. (2005). Central industrial relations machinery, *Industrial relations annual report 2004-05*. Retrieved January 14, 2010, from <http://labour.nic.in/annrep/annrepo405/english/Chapter3.pdf>
- 6 Ministry of Labor and Employment, Government of India. (n.d.). *Wages*. Retrieved January 10, 2010, from <http://labour.nic.in/annrep/files2k1/lab5.pdf>
- 7 Minimum Wages Act. (1948). Retrieved January 10, 2010 from <http://www.erlaws.com/showfullact.asp?act=MWA&stype=ad>
- 8 Ministry of Labor and Employment, Government of India. (n.d.). *Social security division- general overview*. Retrieved March 10, 2010, from <http://labour.nic.in/ss/overview.html>
- 9 Employees Provident Fund Organization, India. (n.d.). *Employees provident fund scheme 1952*. Retrieved January 14, 2010 from <http://epfindia.nic.in/epf.htm>
- 10 Employees Provident Fund Organization, India. (n.d.). *Employee pension scheme 1995*. Retrieved January 14, 2010, from <http://epfindia.nic.in/pension.htm>
- 11 Maternity Benefit Act. (1961). Retrieved January 10, 2010 from <http://www.erlaws.com/showfullact.asp?Act=MBA&cntr=1&stype=ad>
- 12 Payment of Gratuity Act. (1972). Retrieved January 10, 2010 from <http://www.erlaws.com/showfullact.asp?Act=PGA&cntr=1&stype=ad>
- 13 Palit, A. (2009). *Skills development in India: Challenges and strategies*. Working Paper No. 89, Institute of South Asian Studies. Retrieved March 10, 2010, from <http://www.isasnus.org/events/workingpapers/88.pdf>
- 14 The Apprentices Act. (1961). Retrieved January 10, 2010 from <http://dget.nic.in/schemes/ats/Act1961.htm>
- 15 Ministry of Labor and Employment, Government of India. (n.d.). *Central board for workers' education*. Retrieved January 14, 2010, from [http://cbwe.gov.in/admin\\_view\\_uniquepagesbody.asp?ID\\_PK=1](http://cbwe.gov.in/admin_view_uniquepagesbody.asp?ID_PK=1)
- 16 Ministry of Labor and Employment, Government of India. (2006). Occupational safety and health (Chapter 13), *Annual report 2005-06*. Retrieved January 14, 2010, from <http://labour.nic.in/annrep/annrepo506/english/Chapter13.pdf>
- 17 Employment State Insurance Corporation. (n.d.). *Employment State Insurance Act, 1948*. Retrieved January 14, 2010, from <http://esic.nic.in/act.htm>
- 18 Workmen's Compensation Act. (1923). Retrieved January 10, 2010 from <http://www.erlaws.com/showfullact.asp?act=WCA&stype=ad>
- 19 Congressional Record. (July 25, 1995). *The exploitation of child labor in India*, Testimony of the honorable Dan Burton of Indiana in the US House of Representatives. Retrieved January 20, 2010, from [http://pangaea.org/street\\_children/asia/carpet.htm](http://pangaea.org/street_children/asia/carpet.htm)
- 20 Employment Exchanges (Compulsory Notification of Vacancies) Act. (1959). Retrieved January 14, 2010, from <http://www.erlaws.com/showfullact.asp?act=EEA&stype=ad&cntr=1>
- 21 Draft National Rural Employment Guarantee Act. (August 14, 2004). Retrieved January 14, 2010, from [http://www.sacw.net/Labour/DraftNEGA\\_140804.html](http://www.sacw.net/Labour/DraftNEGA_140804.html)
- 22 Reservation in India. (n.d.). Retrieved January 14, 2010, from <http://www.ambedkar.org/News/reservationinindia.pdf>
- 23 Equal Remuneration Act. (1976). Retrieved January 10, 2010 from <http://www.erlaws.com/showfullact.asp?Act=ERA&cntr=1&stype=ad>
- 24 Report of National Commission on Labor. (n.d.). *Other matters (Chapter 12)*. Retrieved January 20, 2010, from <http://labour.nic.in/lcomm2/2nlc-pdfs/chap12-I-II.pdf>
- 25 Industrial Disputes Act. (1947). Retrieved January 10, 2010 from <http://www.erlaws.com/showfullact.asp?Act=IDA&cntr=1&stype=ad>
- 26 Trade Unions Act. (1926). Retrieved January 10, 2010 from <http://www.erlaws.com/showfullact.asp?Act=TUA&cntr=1&stype=ad>
- 27 Embassy of India, Washington D.C. (n.d.). *Policy statements*. Retrieved January 20, 2010, from [http://www.indianembassy.org/policy/Child\\_Labor/childlabor.htm](http://www.indianembassy.org/policy/Child_Labor/childlabor.htm)
- 28 Childlabor.in (2008). *Cause of child labor*. Retrieved January 20, 2010, from <http://www.childlabor.in/causes-of-child-labour.htm>
- 29 Ministry of Labor and Employment, Government of India. (n.d.). *National child labor project*. Retrieved March 10, 2010, from <http://labour.nic.in/cwl/ChildLabour.htm>
- 30 Lalit, B. (2007). *India: Labour and employment laws of India*. Retrieved March 15, 2010, from <http://www.mondaq.com/article.asp?articleid=50440>



## ACKNOWLEDGEMENTS:

Established in 2007 by the Center on Aging & Work, the Global Perspectives Institute is an international collaboration of scholars and employers committed to the expansion of the quality of employment available to the 21st century multi-generational workforce in countries around the world.

The Global Perspectives Institute focuses on innovative and promising practices that might be adopted by employers and policy-makers.

The Institute's research, publications, and international forums contribute to:

- a deeper understanding of the employment experiences and career aspirations of employees of different ages who work in countries around the world;
- informed decision making by employers who want to be employers-of-choice in different countries; and
- innovative thinking about private-public partnerships that promote sustainable, quality employment.

Apart from the Mind the Gap series, the Global Perspectives Institute publishes a Statistical Profile Series highlighting workforce demographic trends in different countries as well as a Global Policy Series focusing on selected workforce policy in certain country contexts.

For more information on our publications, please visit us online at: [www.bc.edu/agingandwork](http://www.bc.edu/agingandwork)

---

The Sloan Center on Aging & Work at Boston College promotes quality of employment as an imperative for the 21st century multi-generational workforce. We integrate evidence from research with insights from workplace experiences to inform innovative organizational decision-making. Collaborating with business leaders and scholars in a multi-disciplinary dialogue, the Center develops the next generation of knowledge and talent management.

The Sloan Center on Aging & Work is grateful for the continued support of the Alfred P. Sloan Foundation.

---

## ABOUT THE AUTHORS:

### **Rucha Bhate**

Doctoral Student

Department of Economics, Boston College

Rucha is a graduate student in the Department of Economics at Boston College. Before beginning her doctoral studies at BC, she earned her Masters in Economics from Gokhale Institute of Politics and Economics in Pune, India. Thereafter, she worked as a research associate with the Indian Institute of Management -Ahmadabad, a premier Business school in India and also at the Aditya Birla Group, a major business conglomerate. Rucha's primary areas of research are Macroeconomics and International Economics; in particular the economic dynamics of developing countries.