

1. Why the labor reforms have not been pushed through in past 20 years, despite the fact that other sectors have gone under generations of reforms? Critically analyze the major arguments against labor reforms. (250 words)

Answer:

- The Article 246 (with 7th schedule) of the Indian constitution puts the issues related to labour and labour welfare under the concurrent list. The irony of putting labour in concurrent list is that today we have around 47 central labour laws and more than 100 state labour laws.
- The employers view flexibility in labour markets as a pre-requisite for promoting economic growth and generating jobs, whereas, the trade unionists view flexibility in labour markets as a strategy for profit-maximizing of the firms, which reduces their bargaining power without generating sufficient employment opportunities. For them this insecurity has been the major cause of concern.
- The trade unions and labour unions are very strong pressure groups and are supported by a unprincipled opposition in parliament, which opposes for the sake of opposition and obstruction irrespective of party ideology. Because of this reason any proposal to bring even the necessary labour reforms is also blocked and vehemently opposed.
- Currently any manufacturing firm, which has employee strength of 200 or more, has to take permission from the labour ministry to fire a worker, if the worker is found unnecessary or is considered inefficient.
- This leads to contract hiring / temporary hiring, where the workers are not on the permanent payrolls of large companies, and are liable to be exploited and underpaid and not provided any training.
- Also sick companies which need to shut down, as they may no longer be viable cannot let go of the workers and shutting them down is a long arduous process.
- This deters buyers who may want to revamp the whole company or introduce new technologies, which can bring in more automation and efficiency and probably turn the company around.
- The Laws framed mainly to cater the manufacturing sector, do not address the problems of the service sector, which today, accounts for 55 per cent of our GDP. The outdated and inflexible nature of labour laws protects a handful of say 6-7 percent of the workforce, seriously hampering employment generation capacity of the organized sector and most of the 10-12 million youth joining labour force every year, are forced to join informal economy, where the working conditions are pathetic and earnings are also abysmally low.

PRACTICE QUESTIONS

Answer the following Questions

1. Discuss how the recently proposed Higher Education Evaluation and Regulation Authority aims to transform the higher education in India. (250 words)
2. 100% village electrification is a huge achievement but not sufficient to end India's energy poverty. Discuss. (250 words)