

Labor Sector in India

Structure of the Labor Market in India is made up of multiple layers. As per Government laws, classification of the labor sector is done on the basis of skill and area of operation are given below.

1. Unskilled
2. Semi-skilled
3. Skilled
4. Highly skilled

In terms of area of operation, employees are categorized as

1. Managerial personnel
2. Workmen

Classification of Labour Force in India

Labour force in India can be divided into organized and unorganized sectors.

Unorganized Sector

The Government of India is very keen on reforms in Indian labor sector by providing legal and social protection to the unorganized and informal sector workers. However the major problem is no one is absolutely clear about the informal workforce in India.

1. 93% of the total workforce is informal as per the Economic Survey of 2018-19.
2. As per NITI Aayog report in 2018, 85% of the workforce in India is employed in the informal sector.
3. As per National Statistical Commission (NSC) 2012 report of the Committee on Unorganised Sector Statistics, the informal workforce is more than 90% of the total workforce.

Classification of Unorganized Sector

The Ministry of Labour classified Unorganized Sector into 4 types.

1. Occupation - It includes fishermen, landless agricultural labourers, small & marginal farmers, construction workers, beedi rolling, weavers, workers in stone quarries, oil mills,

brick kilns, saw mills, leather workers, packing & labeling, workers in animal husbandry etc,

2. Nature of Employment - Migrant workers, Casual labourers, Contract labourers, Bonded and agricultural labourers.
3. Specially Distressed Categories - Scavengers, toddy tappers, loaders, unloaders etc.
4. Service Categories - Domestic workers, vegetable vendors, fruits vendors, pavement vendors, newspaper vendors, hand cart operators.

Organized Sector

The organized sector workers are employed in Government organizations, state owned enterprises, private sector companies.

Code on Wages, 2019 Bill

This Bill was introduced by the Ministry of Labour and Employment. The bill was passed in Lok Sabha in July 2019 and it was passed in Rajya Sabha in August 2019. The main objective of introducing this bill was to regulate wage and bonus payments in all employments. The Code on Wages, 2019 replaces the following 4 laws.

1. The Equal Remuneration Act, 1976.
2. The Payment of Bonus Act, 1965
3. The Minimum Wages Act, 1948
4. The Payment of Wages Act, 1936

Coverage of the Code on Wages

1. It applies to all employees
2. The Central Government will take the wage-related decisions for employment such as Mines, Oil Fields, Railways.
3. For all other employment State Governments will make the decisions.

Floor Wage

1. Floor wage will be fixed by the Central Government by taking into consideration the living standards of workers.
2. Different geographical areas will have different floor wages.
3. The minimum wages must be higher than floor wages.

Minimum Wage

1. Minimum wages are notified by the central or state governments.

2. The minimum wages will be reviewed by the Government in an interval of not more than 5 years.
3. The factors taken into account while fixing the minimum wages are workers skill levels and the difficulty involved in the work.
4. Earlier there were 2000 minimum wage variants, with the introduction of Code of Wages law, now the wage variants have been reduced to 300.

Wage Period

1. The wage period would be fixed by the employers, it could be monthly, fortnightly, weekly, daily.

Overtime

1. If employees are made to work beyond working hours then they must be paid overtime wages, which should be twice the normal rate of wages.

Deductions

1. As per this Code of Wages law, if the employer deducts the wages of employees on various grounds, then the deduction should not be more than 50% of the employees total wages.

Gender Discrimination

1. In matter related to recruitment and wages, gender discrimination is strictly prohibited.

Reduction of Employment in Agricultural Sector

In the past few years there has been a steady decline in the jobs in the Agricultural sector. The steady reduction in non-farm jobs is evident from the rise in Employees Provident Fund Members. Top four sectors compensating the decline in jobs in the agriculture sector are mentioned below.

1. Trade and Hospitality
2. Construction
3. Transportation
4. Education and Health

Forces Affecting Labour Market in India

There are many forces affecting the labour market in India which are mentioned below.

1. Infrastructure and Urbanisation which can be subdivided into Central Government spending and Urbanisation
2. Automation and Knowledge Intensive work in the Information Technology segment.
3. New Digital Ecosystems and Independent Work - Technology enabled jobs, MUDRA Loans and Self-help group lending

Jobs Generating Sectors - Due to Increased Government Spending

Due to increased Central Government expenditure in various projects, it has led to generation of new jobs in many sectors. The sectors which contributed to the majority of the job creations in India are mentioned below.

1. Road Transport and Highways
2. Railways
3. Rural Development
4. Telecommunications
5. Health and Family Welfare
6. Power
7. Housing and Urban Poverty Alleviation
8. Education

Issues Facing Labour Sector in India

There are many issues plaguing the labour market in India. Some of the issues are mentioned below.

1. Migrant labourers - There are 2 types in this section, domestic migrant workers and overseas migrant workers. Overseas migrant workers are predominantly located in middle east countries. In some cases they face labor issues such as unsafe working conditions, poor living conditions, unpaid salaries.
2. Bonded Labour - This is a form of employment in which an employee is forced to work with an employer due to inability to repay debt due to high interest rates. Bonded labour lasts for an indefinite time period. Sectors that employed bonded labourers are in agriculture, illegal mining, brick kilns, stone quarries etc. India enacted the Bonded Labour System Abolition Act 1976 that prohibits and criminalizes bonded labour practice.
3. Child Labour - Large number of children were forced into labour activities due to lack of school education and poverty. India passed the Child Labour Prohibition and Abolition Act 1986 to stop child labour in India.