

Gist of EPW July Week 4, 2022

The Economic and Political Weekly (EPW) is an important source of study material for [IAS](#), especially for the current affairs segment. In this section, we give you the gist of the EPW magazine every week. The important topics covered in the weekly are analyzed and explained in a simple language, all from a [UPSC](#) perspective.

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1. Labour Laws for Gig Workers in the Context of Labour Law Reforms

Context: This article talks about including gig workers under various social security programmes.

Details

- Various countries are making efforts to amend their labour laws to include a new class of gig workers who have emerged with the increase in digital penetration
- The Gig economy which became prominent during the 2000s has introduced higher flexibility to the labour market.
- The proportion of gig workers has increased significantly in recent years and governments across the world are looking for ways to categorise such workers under the labour laws.
- The gig economy in India has experienced rapid growth with an annual growth rate of about 17% and which accounts for around 15 million.
- Gig workers have been brought under the ambit of labour laws in India for the first time through the recently drafted labour codes with the provision of various welfare benefits under the Code on Social Security, 2020.

Gig Economy and Gig Workers

- According to the Cambridge dictionary, “gig economy is a way of working that is based on people having temporary jobs or doing separate pieces of work, each paid separately, rather than working for an employer”
- Gig workers are basically those workers who are involved in hourly or part-time jobs in

everything from catering events to software development.

- Gig workers are a part of the workforce who are usually outside the ambit of the traditional employer-employee relationship.
- Since gig workers do not share traditional and long-term employer-employee relationships, they can have more than one contract at the same time.
- The advantages of the gig economy include:
 - Development of new markets and creation of employment opportunities
 - Create on-demand access to goods and services thereby easing the lives of consumers
 - Helps in formalising the hitherto informal sector
 - Helps increase the productivity
 - Promotes increased participation of the female labour force

Challenges associated with gig workers

- Uncertainty of income or inconsistent pay
- Lack of stability in job tenure
- These workers usually have long working hours which has a huge impact on health and often causes disruptions in the family
- Unavailability of social security measures such as workplace safety
- Lack of other benefits with respect to health insurance and paid leaves, that are extended to full-time employees.
- Increased control by the intermediaries especially in case of digital platforms

Gig Workers in India

- India is ranked fifth with respect to the number of workers in the flexible workforce, with the average age of gig workers ranging from 24 to 38 years
- According to various reports, it is expected that the number of workers in the gig economy will increase to 90 million jobs in the next 10 years from 8 million jobs at present.
- Data also suggest that 50% of gig jobs are mainly due to the demand for low-wage, low-skilled work and with jobs demanding specialised skills account for only 30%
- Delivery and ride-hailing are the two most dominant and in demand jobs at present in the country's gig economy.

Labour Reforms and Laws for Gig Workers

- The [four new labour codes](#) formulated by the Parliament have merged 29 existing legislation that covered aspects of minimum wages, industrial relations, collective bargaining, occupational safety, and social security.
- These four new labour codes are:
 - Code on Wages, 2019

- Industrial Relations Code 2020
- Occupational Safety, Health and Working Conditions Code 2020
- Code on Social Security, 2020
- The laws which encompass gig workers are covered under the Code on Social Security, 2020.
- The Code on Social Security, 2020 defines a gig worker “as a person who performs or participates in a work arrangement and earns from such activities outside of the traditional employer-employee relationship”.
 - This definition of the gig worker segregates them from regular employees and other non-employee classes of workers.
- The code provided that the social security schemes for the gig, platform and unorganised workers are to be funded by both union and state governments.
- The code also has provision for the establishment of a National Security Board under which provides representation to gig workers
- In order to follow the principle of universalisation of social security, policymakers in India have chosen to provide a safety net for the gig workers and address the challenges through regulatory measures.

Key concerns

- Critics feel that there is a lack of clarity on guidelines for the adoption and implementation of the mentioned provisions in the code.
- Further, the definition of gig worker mentioned in Code on Social Security is said to be very broad which poses serious challenges and problems.
- The code also mentions various provisions for unorganised workers and mandates different schemes which may cause an overlap between these definitions.
- The definition mentioned in the Code on Social Security also excludes various gig and platform workers from enjoying the benefits of various schemes.

Recommendations

- A report by [International Labour Organisation \(ILO\)](https://www.ilo.org/) recommends:
 - Extending insurance coverage to workers in all forms of employment, irrespective of the nature of the contract
 - Use of modern technology for simplifying contribution and benefit payments records
 - Enhancing the universal mechanisms of social protection
- There is a need for defining the nature of the relationship and the contract between the gig workers and the platforms by increasing the scope of the ambit of employment relationships.
- There is a need for the inclusion of gig workers even in other codes
 - **Example:** The Occupational Safety, Health and Working Conditions Code can also include aspects such as fixing maximum working hours and workplace safety measures that have a significant impact on the health of workers.

2. Electronic Agricultural Spot Markets

Introduction:

- The electronic spot market initiated a technological alteration in the agricultural commodity market trading through the [electronic National Agriculture Market \(e-NAM\)](#).
- Electronic spot markets play a major role in developing the agricultural market.
- It helps in deriving a theoretical price for the options/futures contract, particularly in the exchange-traded derivatives market. This implies that if price discovery is found to be non-transparent or opaque in the spot market, the prices of derivative contracts may be impacted, which can be further detrimental to the agricultural market.

Background Details:

- The organised futures market was established in India in 2002–03, while the national-level private spot exchanges were launched in 2007–08.
- After 2011–12, electronic agricultural spot trading began in India that was based on information and communication technology (ICT). It followed the electronic National Agriculture Market (eNAM) and Karnataka models.
- The major factors behind this development were: technological innovations, digitalization, development policies, and market institutions.
- The enactment of the Model Agriculture Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017 in the agricultural commodities market paved the way for the establishment of the electronic spot market. Its role was to integrate [agricultural produce marketing committees \(APMCs\)](#)/local 'mandis' for removing intra-state trade barriers and improving prices.

Benefits of Spot Market:

- Electronic spots can enhance the utility function of small farmers with reduced transaction costs, improved price realization, and increased market social capital.
- It can minimize the fixed costs of running a floor-based or physical trading centre.
- It also speeds up the informed traders' participation which can further improve the price discovery process in the market and help in the seamless transmission of the price information to the futures market.
- It also reduces the trade time required for processing an order, routing it to the market, and executing the trade.
- It also provides capturing and disseminating price information dissemination.
- Moreover electronic screen-based trading furnishes useful information to market participants.
- It establishes a direct linkage between the buyer and seller and provides a transparent mechanism of price discovery.

- The value addition offered by the spot exchanges is also scalable due to its electronic nature.

Status and Impact of Agriculture Spot Market:

- As per the study, 45.2% of farmers agreed with the important role of the futures market in discovering better prices, while 49.2% remained indifferent or in partial agreement.
- It was observed from the price efficiency test, that agricultural spot markets scored higher than derivatives markets in the discovery and transmission of prices. This in turn influenced farmers' decision-making vis-a-vis market participation and investment in resource allocation.
- It is important to note that eNAM was successful in accommodating various stakeholders including approximately 1.71 crore farmers, 2,097 farmer producer organisations (FPOs), and nearly 1.69 lakh traders, (data is in accordance with the eNAM portal). Moreover, one thousand APMCs have been integrated into the eNAM structure, with Rajasthan accounting for the largest number.
- Any significant impact of eNAM on price could not be found.
- The spot and futures price convergence is important for market integration.

Issues with the agriculture spot market:

- According to the Department of Economic Affairs, inadequate infrastructure and the absence of a competitive environment have hampered the overall growth of the electronic spot market and impeded its potential in ensuring appropriate price discovery and robust market development.
- The translation of the opportunities of eNAM into the overall socio-economic development of small-holders remains an issue for agriculture and food policy in developing countries.
- The poor execution of the [minimum support prices \(MSP\)](#) policy has left many smallholders in the lurch.

Measures Ahead

- Mobile phones along with internet connectivity can prove to be an effective medium for small-holders as they can reap the benefits of the spot markets.
- Small-holders should be mobilized and collectivized in producer companies, which can also help them tackle digital illiteracy, prevent distress sales, and improve collective bargaining.
- The governance procedure, institutional design, and incentive structure for market agents should be aligned to promote transparency and establish a unified trading platform for the spot market. The policy measures in this regard are:
 - The government should set the guidelines for market participants and should imbibe buoyancy in compliance and regulatory procedure. For instance:
 - The management of risk should be of utmost priority.
 - For dispute resolution in agricultural spot trading, the state agencies concerned or the Directorate of Marketing Inspection, which will monitor the eNAM integrated

APMCs can be made the adjudicating authority.

- The market institutions should promote electronic spot trading on the basis of electronic negotiable warehouse receipts (eNWR) and facilitate credit facilities using eNWR as collateral, in convergence with the Warehousing Development Regulatory Authority and affiliated repositories.
- The standards of delivery and trading architecture must be unified for the development of electronic spot markets.
- Moreover, products should also be standardised in sync with derivative markets. Trade-based delivery should take place in exchange accredited warehouses, existing in the vicinity of centres of production.

Conclusion:

- The electronic agricultural spot market has miles to go, beginning with policy measures on regulation and market design, to the creation of support infrastructure.
- The electronic spot market can ensure the real-time flow of information between primary regulated APMCs and a centralised information system where the database of market arrival, price data, and trading information is maintained.
- The coexistence of private and public electronic spot markets can help in augmenting the price discovery process through improved decision-making by the farmers and traders, competitive price polling, and curbing cartelisation and corrupt trade practices that affect market functioning.

3. The Agnipath Scheme - Driven by Compulsions and a Recipe for Disaster

Context: This article discusses various concerns associated with the Agnipath Scheme.

Agnipath Scheme

- The Agnipath scheme was announced by the Defence Minister of India on June 14th, 2022.
- The Agnipath scheme provides an opportunity for patriotic and motivated youth to serve in the Armed Forces for a period of four years and such individuals selected under this scheme will be called Agniveers.
- The scheme is expected to be the only form of recruitment of soldiers into the three defence services namely the Indian Army, Indian Navy and Indian Air Force henceforth.
- The key objective of the scheme is to ensure a youthful profile of the Armed Forces and fill the vast number of vacancies in the Armed Forces.

Key highlights of the scheme

- As per the scheme, the Armed Forces will induct over 46,000 personnel in the age group of 17.5

to 21 years every year.

- Out of these, 25% of the individuals will be selected for permanent induction and the remaining will be released from service with a government-recognised Class 12 certificate.
- After being selected as an Agniveer, individuals will undergo 26 weeks of training before their actual deployment.
 - During this period, the Agniveers will be imparted various military skills, discipline, physical fitness, leadership qualities, courage and patriotism.
- Various government organisations, public sector undertakings, central police and paramilitary forces and even the private sector will be urged to give preference in employment to the released Agniveers.
- Agniveers will be provided with a customised monthly package and various Risk and Hardship allowances.
 - Agniveers will be paid a one-time “SevaNidhi” package upon completion of four years of their service which will be exempted from Income Tax.
 - Further, the Agniveers will be provided non-contributory Life Insurance Cover for the duration of their service in the Armed Forces.
 - However, they are not extended any gratuity or pensionary benefits.

AGNIPATH SCHEME FOR THE ARMED FORCES				
Year	Customised Package (Monthly)	In Hand (70%)	Contribution to Agniveer Corpus Fund (30%)	Contribution to corpus fund by Gol
All figures in ₹ (Monthly Contribution)				
1st year	30,000	21,000	9,000	9,000
2nd year	33,000	23,100	9,900	9,900
3rd year	36,500	25,580	10,950	10,950
4th year	40,000	28,000	12,000	12,000
Total contribution in Agniveer Corpus Fund after four years			₹5.02 lakh	₹5.02 lakh
Exit After 4Year	₹11.71 Lakh as Seva Nidhi Package (Including, interest accumulated on the above amount as per the applicable interest rates would also be paid)			

Image Source: Business Today

Financial and Strategic Compulsions for the Scheme

Financial Compulsions

- The defence budget had increased significantly in recent years.
 - The efforts for the modernisation of the forces and the implementation of the [One Rank, One Pension \(OROP\) scheme](#) are said to be the key factors for the increase in defence allocations.
- Experts point out that various procurement programmes by the Ministry of Defence (MoD) have been delayed and further the domestic industry has also failed to produce anything significant.
 - The induction of modern and advanced fighter planes for the IAF and the submarines for the Indian Navy are said to be examples.
 - The Indian Air Force Force has been seeking a fourth-generation fighter aircraft for the last 15 years while countries like the US, China and Russia have already inducted fifth-generation fighter planes.

Strategic Compulsions

- The Chinese aggression and territorial invasion at the Indian borders are said to be a strategic consideration for the launch of the Agnipath scheme.
- China has been imposing its version of the LAC on India and has undertaken various transgression efforts.
- The tension between the two troops escalated in the Galwan Valley in 2020 which caused significant casualties on both sides.
- In this context, the government in India is pressurised to keep the morale of the troops high and not cede any ground.
 - Agniveers can be deployed in such areas where they can go hand in hand which requires minimal training as not many weapons and equipment are involved.

Criticism over the Agnipath scheme

- The National Security Advisor had stated that “Wars have ceased to become effective instruments for achieving political or military objectives. They are too expensive and unaffordable, and at the same time, there is uncertainty about the outcome.”
 - The critics question the need for such a huge and recurring investment in human resources when the Government believes that the war is unlikely to take place.
- There is a significant transformation in the militaries around the world, where countries are looking to reduce and cut down the number of troops and replace them with advanced equipment and technologies.
 - The induction of a few highly trained, technologically savvy, multitasking individuals is considered instead of large-scale induction of individuals.

- Further, there has been criticism over the fact that the four-year Agnipath tenure would not be counted when 25% of the Agniveers would be recruited into permanent positions.
 - There have been concerns over the quality of the training and experience gained during the period of four years.
- The cut down in the training period for Agniveers to 26-weeks as compared to the existing module of 44 weeks is also criticised.
- 75% of the Agniveers who would be released after the completion of their tenure will be given a Class 12 certificate without attending any regular schooling.
 - This undermines the value of Government certification and makes it difficult for individuals to get admission to universities for a higher degree or get good job opportunities.
- Further, experts feel that the consolidated “SevaNidhi” package credited to the individuals at the end of their tenure might be misused by individuals instead of using it for higher education or other income-generating activities.
- The concept of the Short Service Commission (SSC) has caused severe dissatisfaction in the country in the past as there is more preference given to permanent jobs in India.
- The prospects of lateral induction of Agniveers into the armed forces are also questioned as most of the defence public sector units and private sector firms prefer individuals with technical expertise or knowledge instead of generalists.