



Mains Practice Question

Q. Examine how, with the advent of globalisation, labour reforms as a part of economic reforms have become challenging? Which are the recent steps taken by the government in the interest of labours? (250 words)

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Approach:

- Write an introduction by Giving significance of labour
- Challenges faced by labours
- Steps taken by government
- Way Forward

Answer

Introduction

- Land is an indispensable but a passive factor production in economics. No production is possible without the use of labour.
- Labour is one of the main factors which constitute the material foundation of society.
- 50% of Indian GDP comes from the sweat and toil of 42 crore workers in the unorganised sector.
- However Globalisation has resulted in the need of large scale production which requires division of labour and specialisation, machinery, skilled labour etc.
- Ideals of capitalism make business house more profit oriented without caring much about the labour welfare.

Challenges in labour market

- **Surplus Labour Force:** A huge number of labourers are rendered surplus due to lack of adequate demand arising out of primary, secondary and tertiary sector.
- **Unskilled Labour:** Absence of adequate vocational institutes, results in low skill formation among the labour force in the country.
- **Unemployment:** Labour market faces a serious problem of unemployment. A huge number of work forces of our country remain partially or wholly unemployed throughout the year or some part of the season.
- **Lack of Labour Reforms:** Despite the Economic reforms labour market still remains grappled with problem of low wages, social insecurity, lack of worker's right etc.

Steps taken by Government

- Government has taken various steps in labour welfare such as doubled bonus benefit, maternity

benefit, gratuity, Employee Provident Fund etc.

- Fast registration of trade unions which acts as channel of dialogue between poor labours and higher management.
- Government has also prohibited children below 14 to work in any establishment.
- Minimum wages has also been increased from 246 per day to 350 rupees per day.
- Pradhan Mantri Shram Yogi Maandhan scheme to ensure fixed monthly pension to 10 crore unorganized sector workers

Way forward

- Viable way to break the cycle of distress is through labour-intensive industrialization, as was done in so many other Asian countries, including China.
- Simplify and modify labour laws in formal sector to introduce an optimum combination of flexibility and security.
- Government steps for formulating four labour codes on- wages; industrial relations; social security and welfare; and occupational safety, health and working conditions can turn out pathbreaker in labour reform history.

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