

**Solutions of Unemployment in India**

# **National Employment Policy**

**Proposed Draft**

# **Introduction**

After independence, the successive governments have not made any suitable policy to address the problems of unemployment in India. This is the precise reason for which even after seven decades of independence, employment opportunity – one of basic necessities for all, has not been fulfilled. The Covid-19 crisis has devastated our economy that was already suffering from the problems of unemployment. The devastation spreads across the sectors including agriculture, industry and services.

Today, unemployment is not a problem for rural populace only, even the people who live in urban area and possess high degrees also feel its pain. All the social groups, whether it is the upper caste or lower caste, Dalits or tribal, face the challenges of unemployment. Whether one is male, female or third gender, no one escapes from the onslaught of unemployment. Whether you belong to Punjab, Haryana, Rajasthan, Gujarat, Maharashtra, mountain states, or whether you are from the society that speaks Urdu, Hindi or any other eastern Indian languages or you are related to Kannada, Malayalam, Telegu and Tamil speaking southern states, you are compelled to face the challenges of unemployment.

What is the solution for unemployment? Desh Ki Baat Foundation believes that its solution lies with “The National Employment Policy”. Desh Ki Baat Foundation is an ideological organisation that works for nation building on the principles of positive nationalism. According to 'positive nationalism', employment is not just an economic issue, people who love this country, those who want to do something for this country, employment as an issue is concerned with people’s participation in nation building. Man does not survive by eating only bread. Bread only fulfills its physical needs. But beyond the physical needs what is essential for a man is mental satisfaction. For example, when a talented village laborer, whom people consider to be unskilled, builds a road on the broken paths by carrying soil on his head and when people walk on that road, he gets a mental satisfaction. He feels that his life has become meaningful. Similarly, when a woman knits a sweater in spite of her daily chores inside her house and when her child or husband or sister wears it, she gets a satisfaction of expressing her creativity. Human being is not just a body. Along with the body, it also has a mind. In this country, when the youth qualified with Graduation, Post-

Graduation and Ph.D. degrees, get a chance to do something, they get mental satisfaction. On the contrary, if they do not get a chance to do something in spite of having degrees, they feel depressed. Therefore, the first thing that this country needs to understand is that the issue of employment is a matter of both individual and nation building. In fact, it is an issue of people's participation in nation building. Unless and until such a perspective is developed, employment as an issue will just be limited to some remuneration to meet some individual needs only.

The other thing that we need to understand is that the nature has given everything to this country, India is among a few countries that have, so many rivers, large fertile land, huge deposit of mineral resources, human resources and creative abilities. If everything is there in this country, then where is the problem? The problem lies in the will of the people, spirit and vision of the Government. After independence, different parties have formed the Government in this country, but yet a 'National Employment Policy' has not been formulated. If the intention, determination and policies of the governments were right, then even after 75 years of independence, why could not a 'National Employment Policy' be formulated for the development and economic advancement of this nation. So far, the world history suggests that the a country advances on the strength of its people. No country has advanced by borrowing from the rest of the world. As per our understanding, the developed countries are those who have relied on their natural resources, people, ideology and their strengths. World over including India, there has been a tradition to oppose the state of unjust affairs. But the young friends of Desh ki Baat foundation have taken up responsibility to provide solution rather than just opposing the things.

The country and the Government is formed by the people, if the Government can't provide a solution, then the people who love this country should come forward to carve out a solution.

Since Desh ki Baat foundation is not the government, many people question its policy making efforts. Of course, Desh ki Baat foundation is not the government but the people are. Government is made by the people. It is our country and hence we have to make efforts to find a solution. In India, whenever the government has failed in addressing problems, the mother India has given birth to such wonderful men and women who have sacrificed their lives to find the way forward. In fact, they have established new ways and have discovered new directions. On the strength of finding new direction, the history of the world has moved ahead. So, has been the history of India. If we want to take our country forward, then we have to develop the path of nation building by consolidating all our energy, which will be manifested in the form of National Employment Policy.

This draft of the 'National Employment Policy' is divided into two parts - the first part analyses the current state of unemployment in India while the second parts suggest the solution to unemployment problem through various strategies named as 10-M.

## **PART 2:**

### **Unemployment Situation in India: An Overview**

Having realized the problems of unemployment and importance of a National Employment Policy as solution, in the introductory section, it is essential to have a bird's eye view of the unemployment situations in India in the context of its population and economic structure.

As per population projection data, currently, India's population is around 138 crores. Politicians while neglecting the problems of unemployment usually hide behind India's population data. They argue that India's unemployment problem is unsolvable due to its huge population. They hardly realize that with appropriate economic policies population can be boon rather than bane. For example, today China's population is around 143 crores but its economy is five times bigger than that of ours. About 30 years ago i.e. till 1990, India's per capita income was more than that of China, but China did not allow its population to become a hindrance in its development process. If heavy population pressure could not be a problem for China, it can't be for India either. In fact, if employment can be provided, India's large youth population could be considered as dividend for the country. According to the Youth Report 2017 of the Ministry of Statistics and Program Implementation (MoSPI), Government of India, in 2020, around 34 per cent of our total population were youth (15-34 age group). According to UN Department of Social and Economic Affairs, by 2020, the average age of India's population will be around 30 years. However, as maintained earlier, the youth can be dividend for this nation if and only if they get employment.

In India, people in the age group of 15-65 years are considered as working age population. The working age population is further divided into labor force and out of labor force population. The employed and unemployed comprise the labor force while those who do not seek work are

considered as out of labor force population. As per the Periodic Labor Force Survey (PLFS) data published by MoSPI, Govt. of India, in 2019-20, our Labor Force Participation Rate (LFPR), i.e. proportion of working age population either employed or unemployed, was 53.5 per cent, which is quite low in comparison to the developed countries including China where it is around 75 per cent. The low LFPR impacts the participation of women and other vulnerable sections in the economy. According to a 2020 report of World Bank, the female labor force participation rate in the country has fallen from 30.2 per cent in 1990 to 20.8 per cent in 2019.

However, one of the major concerns is that in India, the unemployment constitutes a significant portion of total labour force. According to the International Labour Organization (ILO), in 2020, India's unemployment rate was 7.11 percent. Center for Monitoring Indian Economy (CMIE) maintained that the country's unemployment rate stood at 8.32 per cent in August 2021, which was the highest during the last four decades, and it is substantially high when compared with the developed countries. Again, as per CMIE, the urban and rural unemployment stood at 9.78 per cent and 7.64 per cent respectively, in August 2021. Given the overall picture of unemployment in India, it is pertinent to assess the quality of existing employment.

Structurally, the economy is divided into three sectors, Primary i.e. agriculture and allied activities, Secondary or industry and Tertiary or the service sectors. The distribution of employment and income across these sectors is pathetic in India. The Primary, Secondary and Tertiary sectors contribute 17 per cent, 29 per cent and 54 per cent to the GDP, respectively, but it provides employment to the 43 per cent, 25 per cent and 32 per cent of the total workforce respectively. As a result, the rural India which harbors nearly 67 per cent of total population suffers from disguise unemployment, under-employment and poverty. Urban poverty or the distress in the urban economy is just a manifestation of rural poverty. In the absence of job opportunity in the villages, people migrate to cities and work in the informal sector under difficult conditions. Nearly 92 per cent of our workers are engaged in the informal sector where there is no social security. In fact, according to PLFS (2019) even among the so-called regular workers nearly 70 per cent do not have any written job contract, nearly 54 per cent are not eligible for paid leaves and nearly 52 per cent are not eligible for social security.

The proposed National Employment Policy primarily intends to address the problem at the source i.e. at the village level apart from establishing a robust support system for the workers.

### **Part 3**

#### **The 10 M: Strategies to Solve Unemployment**

We all know that India lives in its villages. As per 2011 census, around 33 per cent of our total population lives in urban areas, which implies that the rest 67 per cent of our total population lives in rural area. In the previous section, we have seen that agriculture engages 43 per cent of our workforce although it contributes a meagre 17 per cent to our GDP, indicating low productivity. Lack of provisioning of an effective minimum support price forces the farmers to poverty and distress. In the absence of alternative employment in the rural economy, people are either forced to work in agriculture, which hardly gives them two squire meals a day, or they migrate to metro cities in search of jobs, where they work in the informal sector, which hardly provides them any decent living. Thus, in the absence of employment opportunity they remain poor, be it the village or the city. Further, in the previous section we have seen that a large proportion of workers, around 92 per cent, work in the unorganized/informal sector, where there is no social security, even the existing minimum wage can hardly provide any decent living. The government data claims that the share of formal workers in the workforce has improved in recent years but that improvement has been because of contractualisation of work with the implementation of hire and fire policy in labour employment. Where can a contractual worker go when fired from the job? Is there any mechanism through which the fired worker can get the job back? Should not the contractual worker be regularized, at least in the public sector? Should we not fill our vacancies in the public sector through regular employment? Above all, should not the Government provide the essential merit goods like health and education? Desh ki Baat foundation believes that a sound employment policy

at national level should address the aforesaid concerns. Accordingly, it proposes the following 10 strategies (in short 10 M) as the National Employment Policy.

## **1. Mini Technology**

The source of India's economic growth has shifted straight from agriculture to the service sector, leaving its industrial sector behind. If we want to have a big jump in our growth and employment generation, we have to focus on manufacturing employment through mini technology. Mini technology can address our diversity of our country and problems of our rural economy. Mini technology is basically a technology that has the following characteristics; requires low investment and less energy, eco-friendly, resource efficient, uses locally available resources, labour centric and increases value addition.

- 1.1 Mini technology should be widely adopted in agriculture and food processing sectors within the rural economy. On the one hand it will improve productivity of small and marginal farmers, on the other hand it will lead to processing of a large amount of vegetables, fruits and forest produced, and other locally produced items which are either sold at throw away prices or go waste. As a result, a large number of jobs can be created within the agro-based and food processing sectors.
- 1.2 The development of enterprises based on mini technology within the agriculture and food processing sector will provide a remunerative price to the farmers and thereby it will increase their income.
- 1.3 The promotion and adoption of mini technology should be accompanied by crop diversification, multi-cropping, organic farming, herbal and medicinal farming, etc.
- 1.4 Apart from agriculture, agro-based industries and food processing sector, mini technology should be promoted in the rural non-farm sector such as manufacturing and services sectors. In the rural economy mini technology should be adopted for the manufacturing of various

items like organic soaps, mats, art and crafts, ayurvedic medicines etc. Similarly, in the services sectors like rural and eco-tourism, well-ness and cultural tourism, mini-technology should be adopted. Thus, it can be expected that mini-technology will not only provide employment to unemployed youth in the rural economy it will substantially engage and empower the rural women irrespective of their education and knowledge.

1.5 Besides, the rural economy, mini technology should also be promoted within the urban manufacturing and services sector land scape.

1.6 A wide variety and large number of startup eco-system using mini technology should be promoted in the entire economy in general and rural economy in particular. In fact, we can expect the educated youth who are working in the cities and abroad under difficult circumstance to come back to their villages and work under a green environment.

1.7 There should be the development of cooperative organizations, like producers or farmers association, for the entrepreneurs using mini-technology.

Finally, the question arises from where can we get this mini-technology? Actually, this mini-technology is not new, it is part and parcel of our culture and history. Once upon a time, using this mini technology we were one of the richest countries in the world. We just have forgotten its use and relevance because of 200 years of British rule and our reliance on immoral capitalism and mass production. We have to recognize the locally available and feasible mini-technologies, improve and popularize it. However, since our taste and preferences have changed over time, we need to create some new technologies, apart reviving our culture and heritage. Government should invest in research and development of mini technology based on local specific requirements. Powered by mini technology, millions of small enterprises will come up in villages and small towns of India, which will challenge the capitalist system of mass production and will empower the large section of our population through employment and ownership of profits.

However, for successful adoption of mini technology as an alternate paradigm for employment generation and development, there is a requirement to set up an institution, say Department for Mini Technology (DMT), a separate body for the development of mini technology in the economy which would include three important stakeholders, government agencies, research institutes and producers and farmers associations. This body will render assistance to farmers and entrepreneurs regarding the production of raw materials, improving processing techniques and equipment and marketing of products based on the market conditions. Further the DMT will do the followings;



- (i) DMT will map the sector-wise potential employment opportunities at the district level
- (ii) DMT will estimate the available labour force by skill, gender, socio-religious status at the district level.
- (iii) DMT will map available technology and resources at the district level.
- (iv) DMT will assess the gap in terms of skill, technology and other resources.
- (v) DMT will make district level employment planning (Use of Big data, AI in employment planning) with the objective of promoting profitable and sustainable mini enterprises.
- (vi) DMT will establish an administrative machinery at the district level for employment generation.

## **2. Minimum Credit support**

Credit support need to be provided so that the potential entrepreneurs will be able to adopt mini-technology and establish enterprises. Currently, rural credit in India is mainly provided for agriculture and allied activities. The existing rural credit system hardly recognizes the importance of rural manufacturing, what to talk about mini-technology. The MUDRA loans provided to Micro-Small and Medium Enterprises (MSMEs) are highly inadequate and largely urban centric in nature. The micro enterprises lose their identity in the MUDRA Yojana. Taking the lessons from China, where public financial institutions and micro finance institutions played a key role in providing subsidized credit to the rural enterprises, we propose the following measure for providing a credible minimum credit support for mini enterprises based on mini-technology.

2.1 Formal financial institutions like commercial banks, NBFCs, MFIs, should be mandated to deliver credit for the mini-enterprises at reasonable terms and conditions. In particular the terms and conditions should have scope for low rates of interest, easy repayment schedule, collateral free lending based on viability of business proposal.

2.2 Banks especially the RRBs should expand their coverage to nooks and corners of the country.

2.3 The lending institutions should adopt psychometric criteria for lending so that they do not encounter the problem of default owing to non-serious entrepreneurs.

- 2.4 The existing MUDRA Yojana needs to be modified and tailor made as per the local conditions and requirements.
- 2.5 The formal financial institutions should also provide subsidized credit to the deserving entrepreneurs who are ready to adopt mini-technology. However, in order to ensure recovery of loan the financial institutions should monitor the use of fund and functioning of the organization over time.
- 2.6 The government along with other stakeholders such as financial institutions can set up “Public-Private Investment Funds” to provide credit support to mini enterprises. Credit support should be provided not only to individuals, but also to various categories of cooperatives, and producer associations using mini technology so that they can extend it further to their needy members.
- 2.7 Finally, since the women and youth in the rural area do not obtain adequate credit from formal sources and fall into the clutches of landlords and middle men who charge high rates of interest, the Governments at the Centre and state levels must provide support to banks and financial institutions to provide loans and advances to them on a priority basis.

### **3. Mindset and Skill Training**

Even if min technology is developed and credit support is readily available on reasonable terms and condition, the mini enterprises will not able to produce, if skilled workers are not available. Skill training is different from education. The rural work force might be uneducated or illiterate but it is wrong to believe that they do not have skills or they can't learn skills. In the pre-British era, it was their skills, not education that gave worldwide recognitions to our products. But over time our traditional industries have been replaced by capitalist's mass production and we have forgotten our skills. Now the time has come to change our mind set and imbibe our traditional skills, learn new skills associated with min-technology and empower ourselves, which will be an effort in the direction of nation building. Above all, there should be an emphasis on Green GDP and an alternative development paradigm that focuses on wellbeing and happiness rather than just material wealth

- 3.1 Importantly, we also have to change our mind set as far as socio-religious and gender discrimination in the labour market is concerned. We must change our mind set in accepting

one's skill, knowledge and efficiency in an occupation irrespective of caste, religion and gender, which only can bring back India's past glory, the golden age during the Gupta period.

3.2 Skill training on the adoption of mini technology need to be provided to both uneducated and educated workforce. The uneducated masses and school dropouts can be guided towards self-employment opportunities by using min technology. Since, they do not have formal education, they should be trained through short term courses covering various aspects of entrepreneurship, starting from the use of mini technology to finance and marketing, at free of cost.

3.3 As far as educated workforce is concerned, the existing school, college and university system needs to redesign their course curricula. Potential employment opportunity based on mini technology and the required training should be the part and parcel of their course curricula. In fact, the existing education system should be actively involved in recognizing existing mini technologies and creating new min technologies. Besides the educational institutions should also take steps to popularize it among the masses. Further, the skill training centers need up skill and reskill the youth. Finally, the National Policy for Skill Development and Entrepreneurship – 2015 should be modified as per the local conditions and implemented.

## **4. Mini Market**

In order adopt and promote mini technology, there should be mini markets at the local levels. The mini markets will provide a local market for goods produced and raw materials required by mini enterprises. It will also help the cooperative in their formation and expansion.

4.1 The local market primarily implies a physical market at the block, taluka or district level. The goods produced by the mini enterprises will be first sold in the local market. It will be more of a producer's market, where they will meet a large number of buyers to sell their products. Apart from selling they will also be able to source their raw materials and technology from this market.

4.2 The farmers in general and small and marginal farmers in particular do not get appropriate price for their crops such as cereals, pulses, vegetables, fruits etc., They also incur expenditure in transporting their output to distant markets. In the distant markets they are at the mercy of the intermediaries – they not only pay high commission but also go for distress selling of their produced. The development of a mini market at the local level will not only reduce their transport cost and save them from distress selling. Primarily it will be a farmer's market.

4.3 In the absence of storage facility at the local level, farmers bear the transport cost in taking their produced to available storage facility. Often their output go waste or sold at throw away prices. The development of mini market will be accompanied by creation of small-scale storage facilities at the local level, which will save their transport cost and output from being wasted.

4.4 The mini market will also be a market for agricultural inputs, where the farmers especially the small and marginal farmers will able to procure their inputs at appropriate costs which will save their time and money.

4.5 Mini market along with a change in mind set and skill training will initiate a demand for our traditional art and craft products. It will help us to recognize our workmanship, culture and heritage. It will provide a sense of ownership to millions of people who will be engaged in mini enterprises using mini technology.

4.5 The development of mini market is will also encourage the farmers to go for crop diversification as they will be able find buyers for their product in their neighborhood.

4.6 Finally the mini markets will be a great source of employment generation in the rural areas. The market will engage a portion of the local workforce in trade and commerce activities.

## **5. Multinational, Inter and Intra-State Supply Chain**

The products of mini enterprises should not only be available for local use but also it should cater the global, inter-state and intra-state demand. In fact, its demand needs to be created by linking various supply chains.

- 5.1 Multinational supply chains being part of global value chain facilitate flow of both finished and semi-finished products across the nations. Although multinational supply chains are operational India, they are not linked to the rural economy as such. The multinational supply chains will be linked to the mini markets which will allow the mini enterprises to access the global markets.
- 5.2 The mini market apart from the multinational supply chain will be linked to inter-state supply chain, as a result the products of mini enterprises from one state can reach the other states.
- 5.3 Similarly, the mini markets will also be linked to intra state markets whereby the products of mini enterprises of one district can find buyers in other districts.
- 5.4 The linkage of mini markets with the aforesaid supply chains, will allow the mini enterprises to access the global, interstate and intra-state markets, which will help them to obtain remunerative price for their products.
- 5.5 Apart from physical linkage efforts should also be made to provide E linkage i.e. by developing a market over internet. As a result, the mini enterprises will be able to reach their customers across the globe through various online marketing portals. Currently, the rural India is mostly the buyer on the E market portals but it should be developed properly so that former can also be a seller.
- 5.6 The products sold in the mini market will however be accepted in inside and outside India, if and only if there is market if and only if it meets national and international standards. Hence, there is a need for grading, standardization and quality control at the district levels. Moreover, in order to safeguard the locally produced items from the onslaught of fake or imitated machine products which are mass produced by the capitalists, geo tagging, authenticity marking should be done. In fact, to popularize the locally produced product in the national international markets, awareness about its origin, production process, cultural and heritage aspects should be created.
- 5.7 In order to strengthen linkage between the aforesaid supply chains there is a need for better coordination, communication and collaboration. At national level, governments, donors and NGOs should establish “market linkage coordinating mechanisms” to facilitate the exchange of market information and better collaboration.
- 5.8 Further, logistic measures like improving the quality and quantity of cold storage, warehouses, refrigerated trucks, establishment of shopping malls and food parks, integrated food processing

and handling facilities, etc. in the urban centers will be needed to link mini-market, multinational, inter and intra-state supply chains.

5.9 Finally, there is a need for huge public investment in infrastructure building, transport network and power supply. In order to safeguard the local producers from being exploited by middle man and supplier agents, a publicly funded, technologically enabled effective market watchdog needs to be created.

The linkage of mini market with multinational, inter and intra state supply chains will not only provide a market for mini enterprises but also it will create a wide variety of job opportunity, higher wages and improvement in the standard of living for the rural people.

## **6. Manufacturing in Small, Medium and Large Industries**

Beyond mini enterprises which encompasses both manufacturing and service sector activities, there is a need to provide a specific focus on small-medium and large-scale units engaged in manufacturing activity. Manufacturing activity is the single most dominant economic activity in the secondary or industrial sector. Further, small, medium and large industries are largely urban centric in nature.

### **6.1 Small and medium industries**

Small and medium industries are the back bone of urban industrial sector as they provide huge employment to the skilled work force and contribute fairly to value addition and exports. India is a labour surplus economy and has a comparative advantage in labour intensive modes of production. Therefore, the focus should be on manufacturing through small and medium industries using limited resources and moderate technology. Specific focus should be on labour intensive and export-oriented sectors. A few important among them could be, textile and garment, leather and leather products, gems and jewelry, handicrafts, automobiles, pharmaceuticals, bio-technology,

engineering, electronics, telecommunications etc. Further, the possibility of manufacturing the mini technology should also be explored in the context of small and medium industries.

6.1.1 A robust development of small and medium industries can be possible by following a cluster centric approach. Clustering refers to connection of small firms in physical proximity to one another in related industries. Clustering eases the provisioning of required facilities like road, power, water, electricity, waste disposal etc. It also helps the small and medium industries to avail the required facility at low cost since they share the total available infrastructure. It also helps them in meet their raw material and marketing requirements because both, the supplier of raw materials and buyers of the product can cater to several of units at one go. Overall, clustering improves the efficiency and productivity of the small and medium industries.

6.1.2 Besides clustering creation of more Export Processing Zones (EPZs) will help the medium and large industries to carter the demand of the international markets.

## **6.2 Large Industries**

After independence, in spite of severe capital constraints, special emphasis was given on development of heavy and large industries. Over the years our large industries have achieved significant milestones. They enormously contribute to export, employment and value addition. We can use their potential in generating large amount of employment in the sectors where we have comparative advantages, like aviation, defense related items, engineering goods, energy, capital intensive goods etc. In fact, large industries will be handy in producing the machines and tools associated with min technology. This will not only make the implementation of mini technology successful both in rural and urban areas but also it will generate substantial employment within the large-scale sector.

Thus, the development of small, medium and large industries will improve the employment opportunity in the country.

## **7. Minimum Economic Support and Job Security**

We all know that there is always a time gap between youth joining the labour market and getting an appropriate employment opportunity. Also, there is a time gap in employed workers losing and getting their jobs, which arise to cyclical, seasonal and skill related factors. Such time gaps are distressing period for the youth since his or her survival remains at stake. In order to mitigate that the aforesaid distress, the unemployed people should be provided with a minimum economic support in the form of unemployment benefits and all the worker should be provided job security by abolishing contractualization of jobs.

7.1 In the recent years, the distress of the labour has increased owing to neo liberal policies, especially hire and fire policy - contractualization of employment. Today everywhere from government to private sector there has been contractualization of jobs. A contractual worker has no job security and is subject to ruthless exploitation on the hands of the employer and even the permanent employees. At times the contractual workers silently share the work burden of the permanent employees. Their job is at the mercy of the employer, thanks to the informal/unorganized sector. Be it the technological factors, cyclical, seasonal or any sudden crisis like Covid-19, they are the first to lose their jobs. Because of lack of job security, they also spend less of their income and save more for future uncertainties, which affects aggregate demand and hence output and employment in the economy. Hence, the as part of the national employment policy, we should end contractualization of work and the jobs of contractual workers should be regularized at least in the Government sector. Also, the private sectors should be encouraged and given incentives to regularize the job of their contractual workers.

7.2 However, given the progress we have made in the direction of liberalization, privatization and globalization, it may not be possible for many of the private sector employers to provide regular jobs. However, in the informal or unorganized sectors the government should ensure a written job contract, so that workers can't be fired with the whims of the employers.

7.3 Further, practically speaking, not only contractualisation will continue in the private sector, but also the employer will continue to fire their workers from employment during difficult situations to reduce their losses. Hence, the government should introduce an Active Labour Market Programmes (ALMPs) whereby such difficult situations can be avoided or labour can get back the its job within the shortest possible time gap, or both. Labour market services like matching of job seeker with current vacancies, placement related assistance, skill upgradation



for employed and unemployed workers, etc. could be few examples of ALMPs. In fact, the ALMPs should also address the concerns of the migrant worker who has left village and has come to the city for work under difficult circumstances. It should help them in getting job, decent living and access to public distribution system by maintaining a robust data base. The ALMPs needs to be centrally administered by the Ministry of Labour, but can also rely on local authorities and non-governmental organizations for its implementation.

7.4 Provision of unemployment benefits often creates the problems inertia and adverse selection.

In other words, because of unemployment benefits, people either become less interested for work or those who do not need it, get themselves enrolled for it, or both. Hence in order to avoid these problems the provision of unemployment benefits or income transfer should be made conditionals like attending training programs, sending child to school, participation in public work programs, etc. This is otherwise called as “work fare” in western countries.

7.5 Further in order to expand the scope of workfare, Government should introduce large scale

public work programmes having huge potential of absorbing unskilled and semiskilled labour. India must introduce public works programs in both rural and urban areas to mitigate the temporary distress in the labour markets. In particular, like that of MGNREGA there should be a program in urban areas. Apart from public work programs, livelihoods Programmes aiming at social protection and poverty reduction could be introduced by the government in rural areas prone to calamities such as flooding; seasonal food insecurity; drought. The target group of the program could be extremely poor households. These programs could use a combination of public works, asset transfers (cash/in-kind), livelihoods-related training, market development, and social development activities to achieve its aims.

Finally, the government must create a nationwide unemployment fund into which different states can contribute based on their capacity. These funds may then be utilized to address the temporary unemployment issues.

## **8. Minimum Basic Wage & Social Security for Worker’s** **Respectful Life**

Minimum wage and social security are essential to ensure a respectful life for the workers in this country.

8.1 In the absence of minimum wage, workers get exploited by market forces like demand and supply. Ours being a labour surplus economy, supply is already high and mechanization reduces labour demand, resulting in low or subsistence wage for the workers. It is the minimum wage that can protect the worker from market exploitations. Thanks to Dr. Baba Saheb Ambedkar, we have minimum wage laws in our country and the wage is revised from time to time by the parliament. But is the wage sufficient enough to provide a worker respectful life? For example, the new code on wages bill, 2019 passed by parliament mandates a universal minimum payment of ₹178 a day which is not enough as far as the basic needs of a human being is concerned. The minimum wage can't be fixed arbitrarily, there is a formula for it. Minimum wages throughout the country should be fixed by the states on the basis of formula as laid down by 15<sup>th</sup> Indian Labour Conference, held in the year 1957 and upheld by Hon'ble S.C. in Reptakos judgement in the year -1991. The six important components to be considered are as follows:

- (i) In calculating the minimum wage, the standard working-class family is taken to consist of 3 consumption units for one earner.
- (ii) Minimum food requirement is calculated on the basis of a net intake of calories of 2731 kcal.
- (iii) Clothing requirements are taken as 18 yards per annum per person, which would be a total of 72 yards for the average worker's family of four.
- (iv) In respect of housing, the rent is taken as 10% of the Minimum Wages.
- (v) Fuel, lighting and other 'miscellaneous' items of expenditure should be 20% of the total minimum wage."
- (vi) children's education, medical requirement, minimum recreation including festivals/ceremonies and provision for old age, marriages etc. should be 25% of the total minimum wage."

8.2 Apart from minimum basic wage, workers at large do not have social security. The workers in the informal/unorganized sector do not any social security while many of those who work in the organized sector do not have adequate or appropriate. Hence, the government should

provide a robust social security system for the workers. A robust social security system should include provident fund, pension, gratuity, healthcare and maternity benefits. Even it should include education and housing for the workers earning low income. A robust social security system will not only increase productivity of workers but also it will improve aggregate demand as worker will go for more spending and less savings from their income.

8.3 Moreover, the proposed minimum wage framework and social security system should be extended to all forms of work and labour like on line jobs or the so-called Gig economy.

8.4 Finally, the government should also introduce a negative personal income policy, where the government pays back to the individuals who fall below a certain income level. For this, the government must set an income cut-off, which it believes to be minimum income, and anyone who is receiving an income below this cutoff, will receive an amount equal to the difference between the minimum cut off income and the individual's income. For example, if the Government fixes the cut off at Rs. 10,000 per month, An individual who is receiving an income of Rs. 5,000 will receive an additional Rs. 5000. This structure would ideally incentivize work rather than idleness.

## **9. MSP for Crops**

The Minimum Support Price (MSP) is a pre-declared guaranteed minimum price that protects farmers from fluctuations in crop prices during the harvesting seasons. Farmers spend their labour and money, often borrowed money for which they pay interest, in cultivation but post harvesting when they want to sell, if the market price goes down substantially due to market factors, be it artificial or natural, they will not be able to recover the input cost, forget about their own labour. In such cases, MSP acts as a safety net for the farmers. The government agencies procure these products from the famers at the MSP when the market prices go below the promised price.

9.1 Presently, the farmers associations demand that the MSP should be fixed on the basis of Swaminathan committee formula. Swaminathan committee (2006) suggested that the MSP should be fixed at 50 per cent above all the costs of cultivation including rent of land and

imputed cost of capital. Currently, although the government says that it fixes at 50 per cent above the costs of cultivation but it takes all the paid-out costs of cultivations and family labour into consideration and leaves out the rent of land and imputed cost of capital.

9.2 Further, apart from fixing the right MSP, it should be implemented, which can be possible if the government procures whatever is offered by the famers for sale. Of course, an effective public distribution system (PDS) not only solves the problem of hunger and malnutrition but also it makes the Governments procurement programs successful. Thus, the Government should procure whatever offered for sale by the famers at MSP, fixed as per the Swaminathan committee formula.

9.3 Finally, the MSP at present is available for only for 23 commodities including 7 cereals, 5 pulses, 7 oilseeds, 4 commercial crops. However, there are several other crops that are sown at different parts of India, which also need to be included under the purview of the MSP. Crops such as millets and other nutritious cereals should also be permanently included in the PDS. In other words, the ambit of the MSP should be expanded to include a wide variety of crops cultivated by the farmers as per our different agro-climatic zones.

## **10. Modern and Traditional Services**

As we have seen in the section on situational analysis, relatively in terms of value addition our service sector is well placed. Hence, taking the changing scenario of the world economy into consideration we should also try to expand our services sector activities so that more jobs can be created. Broadly our services sector may be divided into two categories; the modern and the traditional services.

10.1 The modern services sector offers a variety of jobs on both online and offline platforms. The online jobs or the gig economy jobs are emerging faster as alternative avenues for employment. The borderless platforms, lack of administrative restrictions, flexibility of time and resources, and above all the covid-19 pandemic have expanded the scope of gig economy. Also, the size of educated youth and strengths in information technology provide a conducive space for the gig economy to grow in India. Thus, taking the nature of gig

economy into consideration the Government needs to develop this sector so that millions of educated youth can get quality employment in this sector.

- 10.2 Apart from online jobs, we also have competitive advantage in the offline service sectors such as tourism and hospitality industry, health care, education, consultancy and financial services. In fact, the health care and education sectors can be subsumed under tourism and hospitality industry. The modern tourism sector includes medical tourism, eco-tourism, adventure tourism, sports tourism, education tourisms etc. If we can develop these sectors, millions of jobs can be provided in the country. But in order to develop these sectors the Government needs to spend massively on skill building, law and order and physical infrastructure. Of course, there is a need for coordinated actions at different levels.
- 10.3 As far as traditional services are concerned, before 1991 we had system whereby health and education, the merit goods, were provided by the government. After liberalization in 1991, the private sectors started providing health and education services. It has almost been three decades since liberalization and the private players have a massive presence in health and education sectors. Also, their role in these sectors have been expanding. Unfortunately, the people at the bottom of income distribution have not benefitted by private provisioning of health and education. It has brought much woes than panacea for them. Their out of pocket expenditure has ruined their lives. Hence the Desh Ki Baat Foundation (DBF) believes that the basic services like health and education should be provided by the Government. Government should incur massive expenditure in the provisioning of health and education in this country.
- 10.4 Importantly, the DBF believes that the government should introduce a time bound program both at the state and central levels, to fill up the backlog of vacancies. In fact, it should introduce a policy to fill up the vacancies within a stipulated period of time from its arrival.
- 10.5 Finally, there is a serious requirement of a nodal agency which will be responsible for identifying the opportunities, designing and implementing appropriate strategies for employment generation in the service sector. The nodal agency will have its wings at the district level address the local specific issues in the employment policy for the service sector.

Thus, the Desh Ki Baat Foundation believes that the Government should make a National Employment Policy by taking the aforesaid suggestions into consideration so that the unemployment problems in India can be solved. However, the important question arises from where can we get resources to finance these strategies?

### **Resource Mobilization**

As far as resource mobilization is concerned, the DBF believes that we should spend at least 10 per cent of our GDP for all our social sector and employment related activities. Even a 7 per cent GDP growth is enough to generate resources for the aforesaid spending to the extent of 10 per cent. Without disturbing the existing tax structure, the Government should impose a 2 per cent nation building tax on the assets of top 1 per cent rich in this country. However, the moment it is imposed the rich will transfer their assets to their children, hence there should be tax at on their inherited wealth at the rate of 30 per cent. Also, there should be a robot/automation tax as proposed by Bill Gates, at least on those industries which do not face any international competition, since robot/automation displaces labor. Finally, the Government should collect the Corporate Social Responsibility (CSR) fund from the corporates and spend herself. Currently, as per the existing CSR policy, corporates are supposed spend 2 per cent of their average net profits, made during the three preceding financial year, on social work of their choice. Apart from self-promotion, their choice often results over spending or under spending in various priority sectors. Thus, all these various means will generate substantial resources to implement the proposed national employment policy.

### **Legal Framework**

Apart from resource mobilization there is a need for the creation of a legal apparatus (laws and tribunals) to facilitate the employment generation process. State specific laws need to be created to facilitate employment generation processes. Along with the laws, tribunals should be created starting from the lowest level so that various grievances related business creation and employment generation can be addressed.

## **Monitoring & Evaluation**

Finally, in order to assess the progress in the implementation of national employment policy and job creation, there should be monitoring and evaluation. And it should be done through a separate entity over time and space. The entity should develop a Management of Information System (MIS) framework for monitoring and evaluation.

Thus, pursuing positive nationalism in India, the DBF not only demands employment for the youth but also suggests possible ways and means to solve the problems of unemployment in this country.