

## **LABOR PAINS: Quandary in India's Labor Sector**

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### **I. Drudgery of the Indian people**

India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. It has a large labor force. Studies that were done in 2004 reveal that more than 482 million Indian people comprise the labor force. More than half (60%) is involved in agricultural activities. Unemployment rate on the other hand is estimated at 9.2%.

In rural India, agriculture and allied industrial sectors employ as much as 89.5% of the total female labor. Women have extensive work loads with dual responsibility for farm and household production. Women's work is getting harder and more time-consuming due to changing agricultural technologies and practices.

Forced labor in India is pervasive and is difficult to measure. Government figures indicate 285,000 people have officially been released from forced labor. However, the unofficial figure is far higher. It is estimated that 9.5 million of the world's 12 million forced laborers are in the Asia Pacific region, the bulk of them thought to be in India.

In India, roughly 80% of forced workers are Dalits -- the traditionally oppressed classes considered below Hindu castes. They tend to be illiterate, unregistered and include a large proportion of India's 30 million seasonal migrant workers. Experiences of forced laborers include sexual harassment and physical violence.

Whether because of the lack of legislation covering broader groups of workers, or because of weak enforcement, an overwhelming majority of India's workers, even outside agriculture, are left with very few safety nets to protect them from labor rights violation, unemployment, job loss, and disability during retirement.

### **II. The Indian workforce and the ADB**

The ADB believes that an alternative route to employment growth is through progressive transfer of the work force from agriculture to industry and services. Unfortunately, expansion of the modern services sector has created mainly high-skill, high-productivity jobs rather than mass employment. Therefore, the problem of unemployment and underemployment still persist.

And in order to push for the transfer of focus from agriculture to industry and services, the ADB and other IFIs are supporting the formation of regional economic cooperation

in different parts of Asia. One of these is the SASEC or the South Asia Subregional Economic Cooperation.

The South Asian subcontinent is home to more than half of Asia's poor. About 500 million out of an estimated 900 million poor people in Asia and the Pacific live in this region. The majority are concentrated in the eastern subregion, an area comprising Bangladesh, Bhutan, the eastern states of India, and Nepal. For the ADB, this subregion represents the greatest challenge in the fight against poverty.

South Asia is one of the poorest subregions in the world. Yet, the ADB believes that this challenge can be transformed into an opportunity because it has a large workforce. The region has a huge pool of hard working and disciplined workers who earn relatively low wages. With investments to develop their skills, this work force could offer the region a major competitive advantage.

### III. Marketing the labor force

What the ADB and other IFIs do not realize is that pushing for people in South Asia to be involved in labor market, which promote low wages, will further encourage disenfranchisement of the people toiling for their survival. Instead of coming up with ways to improve their future, the ADB encourages the governments in South Asia to free up trade and market policies, stripping the workers of handles which they can use.

With more liberal trade policies pushed by the World Trade Organization (WTO), international interests like the IFIs and the private sector, more and more poor communities are forced into corporate bondage, desperately hanging on to the whimsical policies of private corporations.

In India and in other Asian countries, large transnational corporations have been aggressively lured by governments to invest in their countries. The government has indicated it will do more to liberalize investment in civil aviation, telecom, and insurance sectors in the near term. Privatization of government-owned industries has proceeded slowly, and continues to generate political debate; continued social, political, and economic rigidities hold back needed initiatives.

Most of these corporations engage in destructive activities like mineral extraction, dam projects and other large infrastructure activities. These projects not only promote displacement and empowerment of the communities. Moreover, manual laborers, which oftentimes do not enjoy just remuneration and benefits, are from the same communities who are marginalized and affected by the projects.

Instead of creating opportunities for the communities to attain economic empowerment, these projects become the source of problems such as child labor. Children as young as seven work 12 to 14-hour shifts doing back-breaking work such as breaking stones in a quarry.

#### IV. Genuine reforms in the labor sector

The informal sector dominates the Indian labor market, comprising 90% of the total workforce. India's unorganized sector is one of the largest in the post-industrial world. They likewise have lower capacity to pay pension schemes. Promoting the advancement of the sector should be the focus of both the government and the ADB.

Many maintain that women's economic dependence on men impacts their power within the family. With increased participation in income-generating activities, not only will there be more income for the family, but gender inequality should be reduced. This issue is particularly salient in India because studies show a very low level of female participation in the labor force. This under-reporting is attributed to the frequently held view that women's work is not economically productive. Therefore, more efforts to remedy this problem are imperative at the moment.

Finally, a sound understanding of the labor market conditions is important to understanding the impact of reforms on workers. It is also imperative in designing more effective policy interventions aimed at generating sustainable employment opportunities.