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Employers' Federation of India

Promoting a Competitive, Fair and Inclusive Workplace....

India needs to create more salaried jobs: World Bank

India needs to create regular, salaried jobs with growing earnings rather than self-employed ones in order to join the ranks of the global middle class by 2047-the centenary of its Independence, the World Bank said in a draft Systematic Country Diagnostic (SCD) for India.

The bank said in a society with wide inequalities, the most urgent priority is to create productive, regular jobs.

"The issue is not just the number of jobs but also the type of jobs. A transition into the middle class calls for the creation of salaried jobs, which is a rare privilege in India today where less than a fifth of workers are in salaried employment," the World Bank said in a first-of-its-kind draft report published on its website.

India has been classed a lower-middle income country for a decade and aspires to move a step up in the global prosperity ladder.

Globally, low-income countries are those with real per capita GDP less than 5% of that in the US in purchasing power parity (PPP) terms; lower-middle income countries are those with 5-15% per capita incomes of that in the US; and upper-middle income countries are those with 15-35% per capita incomes of that in the US. High-income countries are those above that line, including some even above the US' income level.

The Economic Survey 2017-18 said if per capita income in India grows at 6.5% per year, India will reach upper-middle income status by the mid-to-late 2020s.

India attained lower middle-income status in 2008 and today has a per capita income of $6,538 (in 2011 PPP terms), which is 12% of the US. In 1960, India was a low income country with a per capita income (in PPP terms) of $1,033. This was equivalent to about 6% of US per capita income at the time.

The SCD is an analytical exercise that the World Bank conducts in all countries.

It articulates, from the perspective of the World Bank Group, an analysis of the most important opportunities and challenges to achieving, in that country, the two goals the Group holds itself accountable for-eliminating extreme poverty and boosting shared prosperity.

The World Bank warned that with an increasing number of youths needing employment, the jobs deficit that India faces has the potential to turn the much-awaited demographic dividend into a demographic curse.

"A growth strategy that focuses on productivity-led economic growth and good jobs will ensure not only that growth is inclusive but that growth is sustainable," it said.

Between 2005 and 2012, the Indian economy generated about 3 million new jobs per year, while an extra 13 million people entered the working age population each year. There is no recent credible jobs data as India conducts the comprehensive employment-unemployment surveys only once in five years. A recent claim in a State Bank of India report-based on data from the Employees' Provident Fund Organisation (EPFO)-that the economy generated 7 million jobs last year, has been contested by many economists.

The World Bank said reforms in land and labour markets in India would pay high dividends and help unshackle Indian businesses. "Well-functioning land markets require clearly defined property rights, a reliable land registry, and predictable processes for investment and changes in land-use... Flexible labour markets that facilitate the reallocation of workers in response to market conditions are important for productivity and job growth," it said.

The existing stringent labour regulations create a segmented labour market with a high level of protection for a very small fraction of workers in jobs and high barriers for the entry of other workers into the protected segment of the formal labour market, the bank said.

Mint Dated : 14-02-2018

Maharashtra tweaks integrated industrial area policy

The Bharatiya Janata Party (BJP)-led government in Maharashtra on 14th February announced a number of changes to the state's Integrated Industrial Area (IIA) policy to boost investment and employment generation.

The Maharashtra cabinet decided to amend the IIA policy, adopted in 2013, with the aim of competing with states like Gujarat, Tamil Nadu, and Karnataka which, according to the state's industry department, are luring away investors due to "more attractive and business-friendly policies".

The most significant change in the policy is that the area that can be now be declared as an integrated industrial area has been revised to 20 hectares from 40 hectares.

The 2013 IIA policy was adopted to offer an exit route to SEZs that failed to take off for various reasons, including hurdles to acquiring land, the economic slowdown and changes in the tax structure for SEZs.

While the Devendra Fadnavis-led government has retained the 60% for industrial use and 40% for commercial, residential, and infrastructure facilities use provision, it has empowered the industry department to tweak the policy to facilitate what the industry official termed as "cross-use" of these areas.

The incentives mooted now include waiver of 50% of the stamp duty on the first agreement between the promoter and the buyer of a plot. The Maharashtra Industrial Development Corporation (MIDC) charges 1% of the ready reckoner rate of the land as development charges for IIA promoters. Now, the MIDC will give a 50% waiver on this duty as well. The promoters have also been allowed to set up captive power plants.

In January, the state government offered a similar exit route under the IIA policy to the Mukesh Ambani-promoted Navi Mumbai SEZ Pvt. Ltd where government agency City and Industrial Development Corporation (Cidco) is a partner. However, in the case of the Navi Mumbai SEZ, the government has allowed the promoters to use 15% of the total land for residential purposes and 85% for industrial.

Mint Dated : 15-02-2018

Self-employment is a problem rather than solution for India's job challenge

Prime Minister Narendra Modi has often reiterated the need for Indians becoming job-creators rather than job-seekers. His speech at the World Economic Forum in Davos also dwelt on this. Does petty self-employment, which is what setting up a pakoda stalls entails, promise a solution to India's employment challenge? It is a part of the problem rather than a solution shows a statistical analysis. Providing quality employment rather than high unemployment is the biggest challenge in India's labour market.

A comparison of unemployment rates in India and OECD countries (group of developed countries) shows that it has always been much lower in India. Latest estimate puts it at around 3.5%, against OECD's 6.1%. This seems extremely counter-intuitive at face value. If unemployment in developed countries is higher, we should be witnessing reverse migration i.e. British and German people coming to countries like India in the search of work.

Unemployment numbers do not tell us anything about earnings associated with jobs people are doing. A PhD holder working as a peon or selling pakodas would be considered employed, technically speaking. A 40-year-old technocrat who has stopped looking for a job after getting laid-off from an IT company would not figure in unemployment calculations. This is because unemployment rates are calculated on the basis of labour force which means persons working or looking for jobs, and not population.

Detailed earnings data is difficult to get to in India. But what is available paints an alarming picture. Latest National Sample Survey Office estimates for 2009-10 show that even people in regular jobs earned less than Rs 7,000 and Rs 11,000 per month in rural and urban areas. Earnings were much less in casual work. Among self-employed persons, the share of those who found their work remunerative was below 50% and 60% in rural and urban areas respectively.

Many among those who found their self-employment remunerative could be case studies in contentment with life. The share of self-employed persons earning less than Rs 3,000 per month who found their earnings remunerative was more than one in five in urban areas and just under half in rural areas. Such earning levels can hardly allow a person to lead a dignified life.

Another database which highlights the dominance of petty employment in India is the 2013 Economic Census. It shows that 45% of workers are working in economic establishments which do not even employ one hired worker. This share is more than 70% in case of number of establishments. When read with the NSSO data on earnings in self-employment, this suggests that most of these people would have abysmally low earnings. A self-employed person is also unlikely to have any social security or retirement cover.

HT Dated : 08-02-2018

Employability of fresh graduates is rising, says survey

The survey conducted jointly by Confederation of Indian Industries (CII), All India Council of Technical Education (AICTE), United Nations Development Program, leading human resource consultancy Peoplestrong and skill assessment firm Wheebox, said that "this year, employability score has taken a big leap as compared to last year."

Since 2014, overall employability among graduates has risen from 34% to 46%, a jump of more than 35%. In other words, nearly one out of two fresh graduates are employable now, up from one out of every three four years back.

Fresh engineers, often termed largely unemployable, were found to have 52% employability. Within the engineering domain, those pursuing computer sciences have the highest employability, says the report that surveyed 510,000 students and 120 companies.

The survey showed that in 2018, most of the higher education domains have showed improvement in job-readiness of fresh graduates. However, employability of graduates of management institutes, Industrial Training Institutes (ITIs) and bachelor in commerce are showing a negative trend.

Overall, the improvement in the employability factor will have three key impacts-one, the competitiveness of graduates will improve, more quality employment will be demanded, sharpening the jobs debate in India, and third, industries will find it easier to get a job-ready workforce.

Among states, Delhi was on top with nearly 75% of its graduates being termed as employable. Other than the capital city, Karnataka, Maharashtra, Kerala, Punjab, Tamil Nadu and Gujarat are the other top states in terms of graduate employability. Bengaluru, Chennai and Indore are the top three cities in terms of employability.

Automation will be a key disrupter in the jobs market, study showed. It said "32% respondents claim that automation is affecting 10 to 40% of existing jobs. Engineering, automobiles, manufacturing, consumer durables and core sectors have highest responses of this impact category."

The survey said more companies showed higher hiring intent in 2018. The overall hiring trend suggests that graduation courses and engineering graduation or equivalent courses are high in demand as both put together 45% of total hiring requirements. It further said fresh graduates and employees with up to five years of experience are in high demand and their improved employability will positively impact productivity.

Mint Dated : 08-02-2018

Three waves of automation will hit the world now: Know who will drown when

A large number of workers will lose jobs due to automation in the next two decades. A PwC study has detailed which workers (by education, age, gender, industry and country) will be hit by automation at which stage. The study analyses the impact of three overlapping waves of automation to the 2030s - the algorithm wave, the augmentation wave and the autonomy wave.

The research analyses the tasks and skills involved in the jobs of over 200,000 workers across 29 countries in order to assess the potential impact of automation on workers in different industry sectors and of different genders, ages and education levels.

Transport and manufacturing sectors have relatively high potential for job automation by the 2030s while health and education are less automatable. Education is a key factor driving risk of automation, with less well-educated men at highest risk in the long run. But women could be at the higher risk over the next 5-10 years, for example, in clerical roles.

Potential impact by industry/sector

The estimated share of existing jobs with potential high rates of automation by the mid-2030s varies widely across industry sectors, from a median across countries of 52% for transportation and storage to just 8% for the education sector.

Transport stands out as a sector with particularly high longer term potential automation rates as driverless vehicles roll out at scale across economies, but this will be most evident in the third wave of autonomous automation. In the shorter term, sectors such as financial services could be more exposed as algorithms outperform humans in an ever wider range of tasks involving pure data analysis.

Potential impact by gender, age and education

The study highlights significant differences across types of workers and these will also vary across our three waves of automation. The starkest results are those by education level, with much lower exposures on average for highly educated workers with graduate degrees or above, than for those with low to medium education levels. In the long run, less well educated workers could be particularly exposed to automation, emphasising the importance of increased investment in lifelong learning and retraining.

More highly educated workers will typically have greater potential for adaptability to technological changes, for example in senior managerial roles that will still be needed to apply human judgement, as well as to design and supervise

AI-based systems. Such workers should see their wages increase due to the productivity gains that these new technologies should bring.

Differences are less marked by age group, although some older workers could find it relatively harder to adapt and retrain than younger cohorts. This may apply particularly to less well-educated men as the world moves into the third wave of autonomous automation in areas like driverless cars and other manual labour that has a relatively high proportion of male workers at present. But female workers could be relatively harder hit in early waves of automation that apply, for example, to clerical roles.

Potential impact by country

The estimated proportion of existing jobs with high potential automation rates by the mid-2030s varies significantly by country. These estimates range from only around 20-25% in some East Asian and Nordic economies with relatively high average education levels, to over 40% in Eastern European economies where industrial production, which tends to be easier to automate, still accounts for a relatively high share of total employment. Countries like the UK and the US, with services-dominated economies but also relatively long 'tails' of lower skilled workers, tend to have intermediate potential automation rates. India, though not part of this study, too can see a large impact of automation due to lack of skilled and educated workforce and most of the production being prone to automation.

No mass-scale tech unemployment

These three waves of automation, however, may not result in a large-scale unemployment. "Our estimates are based primarily on the technical feasibility of automation, so in practice the actual extent of automation may be less due to a variety of economic, legal, regulatory and organisational constraints. Just because something can be automated in theory does not mean it will be economically or politically viable in practice," John Hawksworth, chief economist at PwC and co-author of the study, said. ***ET Dated : 08-02-2018***

Indian workers shifting to gig economy; here's why

Everyone wants freedom, flexibility, work-life balance, control and loves to be his own boss. A job that provides all of these is labelled as a 'dream job'. In a digitalised world that is rapidly changing the work environment, more and more people, globally, are opting for 'gigs', which are one-time, short-term assignments or projects. Skilled labour is the very foundation on which our economy rests. The same holds true for the freelance market. How does it work? A 'gig economy' is a temporary condition in which flexible jobs become a routine as companies tend to hire independent contractors and freelancers instead of hiring full-time permanent employees. Gig economy weakens the traditional market of full-time workers who earn their bread and butter from permanent and full-time employment, in which they don't often change jobs and instead focus on a lifetime career. In some progressive countries the trend of gig economy is prevalent, and many other countries are opting for it. An in-depth study has predicted that, by 2020, 40% of American workers would be independent contractors. Even in India we are seeing the trend of more and more people choosing to work independently. Many people are taking up consultancies, small project managements, freelance writing, coding & programming, graphic designing, photographing, tutoring, supplying food to offices and homes, driving cars, etc. Some of them have been laid off by corporates, and others are unable to get visas to work in foreign countries.

Spurts entrepreneurship: India needs billions of jobs, and these can only be produced by self-employment, for which the gig economy is excellent. We are living in a digital age. Majority of the workforce uses mobile phones; they can be contacted from anywhere, therefore job and location can be linked easily. Freelancers can select among many temporary job offers and projects around the world, and employers can select the best individuals for specific projects from a larger pool that is available in any given area. Digitalisation has also contributed directly to employment as software replaces a lot of manual work and this consumes less time and has lesser errors. Many manual clerical jobs can be done sitting at home. Gig economy helps business firms reduce financial pressures that lead to retrenchment of staff.

Organisations save heavily by hiring contract labour and freelancers; a lot of saving is achieved on account of high-priced office space, staff welfare, training & development, electricity, water, etc. Also, organisations are at liberty to hire the 'best' talent in the market who might be difficult to maintain on payrolls because of their cost and other demands. Even from the perspective of employees, gig economy helps in balancing work-life. The model of gig economy is a win-win for both workers and organisations. It helps both select the best job and best worker without attaching any strings. Both can pick up any temporary gigs they can.

Another force leading to gig economy is millennial generation's entrance in the job market who tend to change jobs often. The gig economy is a solution to this also.

Shifting culture: The gig economy is part of a shifting cultural and business environment that also includes the sharing economy, which is an economic system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the internet. Gig economies can also shift into gift economy, which is a mode of exchange where valuables are not traded or sold, but rather given without an explicit agreement for immediate or future rewards. This disseminates into a barter economy or a market economy, where goods and services are primarily exchanged for value received.

Indian labour market is seeing a shift towards gig economy, with an increasing number of workers seeking contractual or freelancing opportunities, and services sector is embracing it at the fastest pace, says a report. Employees are increasingly willing to sacrifice the additional benefits that come with a permanent job, such as gratuity or health insurance, in swap over for a greater amount of flexibility. According to some global job sites, recruiters too prefer their remote work programmes. Sectors such as media, real estate, legal, hospitality, technology-help, management, medicine, allied and education are already operating in gig culture.

Uber is synonymous with gig economy: If there is one company that is synonymous with the gig economy, it is Uber. It lets you use your personal vehicle to start earning money through its Uber Partner app. It's a flexible platform that allows you to choose when and where you drive and set your own schedule. Uber has a generous referral programme for bringing in new drivers and customers. It has entered many nations and has given spurt to other cab companies such as Ola, TabCab, CityCab, Priyadarshini Taxi Service, etc. There are many other e-platforms such as ServiceSutra, UrbanClap, OnCall, Timesaverz and Quikr, which send workforce to the destination where they are required. Carpenters, plumbers, electricians, housemaids, gardeners, cleaners, beauticians, healers, physiotherapists … you name it and these e-service providers send you the required workforce. These e-companies partner with workers who complete their work and leave with their fees. From being just another handyman, gardener, carpenter, electrician or beautician, these workers have become individual brands, marketing their skills and talent. They get recognised by hirers. The gig economy is here to stay.

FE Dated : 05-02-2018

Regn. No. : MH/MR/South-140/2012-14

Budget 2018 : Govt to bear 12% employer contribution in EPF for new workforce for 3 years

The government will pay the employer's contribution of 12% of basic salary towards the retirement corpus of individuals in the Employees' Provident Fund (EPF) in the first three years of employment.

The measure, announced in the budget for fiscal 2019, is aimed at boosting job creation.

Under the rules, every month, 12% of an employee's basic salary goes into the EPF account and the employer matches the contribution. Of the employer's contribution, 8.33% goes into the Employees' Pension Scheme (EPS), which offers pension from the age of 58 years.

In Budget 2016-17, the government said it would pay for three years the 8.33% of basic pay that employers contribute to the EPS.

The new budget has also proposed to amend the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 to reduce women employees' contribution to the EPF to 8% for first three years of their employment, from 12%. The employers' contribution will remain at the existing 12%.

This will mean higher take-home pay for women in their initial years in the workforce. The flipside : this will mean proportionately lower savings for them in these years.

Mint Dated : 02-02-2018

Select Case Laws

2018 I CLR 16

In The Supreme Court of India

August 1, 2017

CIVI; APPELLATE JURISDICTION CIVIL APPEAL NO. 9956 OF 2017

(ARISING OUT OF SLP (C) NO. 19530 OF 2016)

PRESENT

The Honorable Mr. Justice Ranjan Gogol

The Honourable Mr. Justice L. Nageswara Rao

The Honourable Mr. Justice Navin Sinha

Managing Director, NEKRTC, Karnataka — **Appellant**

v.

Shivasharanappa — **Respondent**

Industrial Disputes Act, 1947 - Ss. 33(2)(b), 33-A - Disciplinary Enquiry, misconduct, dismissal from service - A challenge is from the appellant management to the allowing of writ petition by learned single judge, which was upheld by the Division Bench, thereby setting aside award passed by the Labour Court, upholding the punishment of dismissal awarded to respondent-workman for committing misconduct i.e. securing the job on production of fabricated documents. Their Lordships concluded that (i) in view of law settled by this Court, the High Court ought not to have interfered with the punishment imposed, without considering finding of the Labour Court, on correctness of the charges brought against the workman, particularly when the said aspect of the order of high court, had not been assailed by the workman. (ii) Interference of the High Court with the punishment imposed y the management, was clearly contrary to the law expressed by this Court, in (i) Rajasthan State Road Transport Corpn. & Anr. V. Satya Prakash 2013 II CLR 588 (S.C.), in the background of adjudication proceedings. (iii) There was no justification at all for passing impugned order by the High Court. The Order dy. 25th May, 2011 passed by the Labour Court is restored.

(Paras 1 to 7), Civil Appeal allowed.

2018 I CLR 142

In The High Court of Karnataka

(DHARWAD BENCH)

August 10, 2017

WRIT PETITION NO. 61171 OF 2009 (L-TER)

PRESENT

The Honourable Mr. Justice A.S. Bopanna

S. S. Deshpande, S/o. Sham Rao — **Petitioner**

v.

Management of Syndicate Bank, rep. by General Manager, (P) — **Respondent**

Industrial Disputes Act, 1947 - S. 10(1) - Misconduct - disciplinary inquiry, penalty - A challenge is from the petitioner-employee of the respondent - Bank to punishment of 'compulsory retirement' from service, which was substituted by the Central Government Industrial Tribunal, instead of order of dismissal passed against him by disciplinary authority of the respondent-Bank. On examination of evidence recorded in the inquiry and before the Tribunal, the Court (i) on making extensive scrutiny of evidence, concluded that "the conclusion as reached by the CGIT, that the charges (against petitioner-employee) has been established, would not be sustainable and the same is liable to be set aside." (ii) In the absence of any evidence as to whether petitioner was employed or not employed during the interregnum, petitioner is entitled to reinstatement in service with 75% of back wages, with continuity in service. **(Paras 1 to 16), Writ Petition disposed of.**

2018 I CLR 146

In The High Court of Karnataka

August 21, 2017

WRIT PETITION NO. 51247 OF 2014 (L-KSRTC)

PRESENT

The Honourable Mr. Justice B. Veerappa

M. Muniyappa, S/o. Late Muniswamappa — **Petitioner**

v.

Chief Traffic Manager, BMTC, Bangalore — **Respondent**

Industrial Disputes Act, 1947 - S.10(1)(c)(d) - Dismissed from service for misconduct - A challenge is from petitioner-driver to the award of III Addl. Labour Court declining him any relief and thereby upholding the order of his dismissal from service. The Court concluded that (i) the order of his termination from service was made on 28.6.1994 which he challenged after lapse of 17 years, for which there is no justification nor any explanation. (ii) In a disciplinary inquiry then held, the Inquiry Officer concluded that the petitioner had secured the service by producing a false Transfer Certificate. (iii) After dismissal of his Appeal, the petitioner raised dispute in the year 2012 i.e. after17 years. (iv) On account of this gross delay, the respondent - management was unable to produce the relevant documents relating to disciplinary enquiry then conducted against the petitioner. (v) Subsequent acquittal of the petitioner in a criminal proceeding by the Appellate Authority, the copy of which was not produced by the petitioner, would make no difference, in this highly delayed challenge to order of his dismissal. (vi) With these circumstances there is no option, but to hold that in absence of any satisfactory explanation for the delay of 17 years, after the passing of order of his dismissal from service, the Labour Court was justified in rejecting the claim for reinstatement made by the petitioner-driver. There is no reason to interfere with impugned award.

(Paras 1 to 11), Writ Petition dismissed.

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