

The Hindu Important News Articles & Editorial For UPSC CSE

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The 2024 Nobel Prize in Economics was awarded to Daron Acemoglu, Simon Johnson, and James Robinson for their research linking societal institutions to national prosperity.

➔ Their work highlights how political and economic systems shape wealth inequality between nations.

Acemoglu, Johnson and Robinson share Nobel prize on Economics for work on wealth inequality

Agence France-Presse
STOCKHOLM

The Nobel prize in Economics was awarded on Monday to Turkish-American Daron Acemoglu and British-Americans Simon Johnson and James Robinson for research into wealth inequality between nations.

By examining the various political and economic systems introduced by European colonisers, the three have demonstrated a relationship between societal institutions and prosperity, the jury said.

"Reducing the vast differences in income between countries is one of our time's greatest challenges," Jakob Svensson, chair of the Committee for the Prize in Economic Sciences, said in a statement.

"The laureates have demonstrated the importance of societal institu-



The three researchers examined the various political and economic systems introduced by European colonisers. REUTERS

tions for achieving this," Mr. Svensson added.

Mr. Acemoglu, 57, and Mr. Johnson, 61, are professors at the Massachusetts Institute of Technology (MIT).

Mr. Robinson, 64, is a professor at the University of Chicago.

The jury highlighted the laureates' work in illuminating how political and economic institutions play

a role in explaining why some countries prosper while others do not.

"Although the poorer countries are, of course, becoming richer, they're not closing the gap," Jan Teorell, a professor of political science and member of the award committee, told a press conference.

"Acemoglu, Johnson and Robinson have shown that a large part of this in-

come gap is due to differences in economic and political institutions in society," Teorell said.

'Inclusive institutions'

In a statement explaining the prize, the jury noted the example of the city of Nogales, which is divided by the U.S.-Mexican border, where residents on the U.S. side of the city tend to be better off. "The decisive difference is thus not geography or culture, but institutions," the Royal Swedish Academy of Sciences said.

The U.S. economic system provides residents north of the border greater opportunities to choose their education and profession, and they are part of the U.S. political system, which gives them broad political rights.

By contrast, south of the border, residents live under other economic conditions, and the political sys-

tem limits their potential to influence legislation.

In addition, the jury noted that the laureates' research also helped explain why some countries become trapped in a situation of "low economic growth."

Mr. Acemoglu, who was "delighted" to receive the award, told reporters that the "work that we had done favours democracy."

Speaking via telephone from Athens as the award was announced in Stockholm, Mr. Acemoglu said that the economies of "countries that democratise, starting from a non-democratic regime" grow faster than non-democratic regimes. "And it's a substantial gain," Mr. Acemoglu said.

Mr. Acemoglu is the author of several best-sellers including *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*.

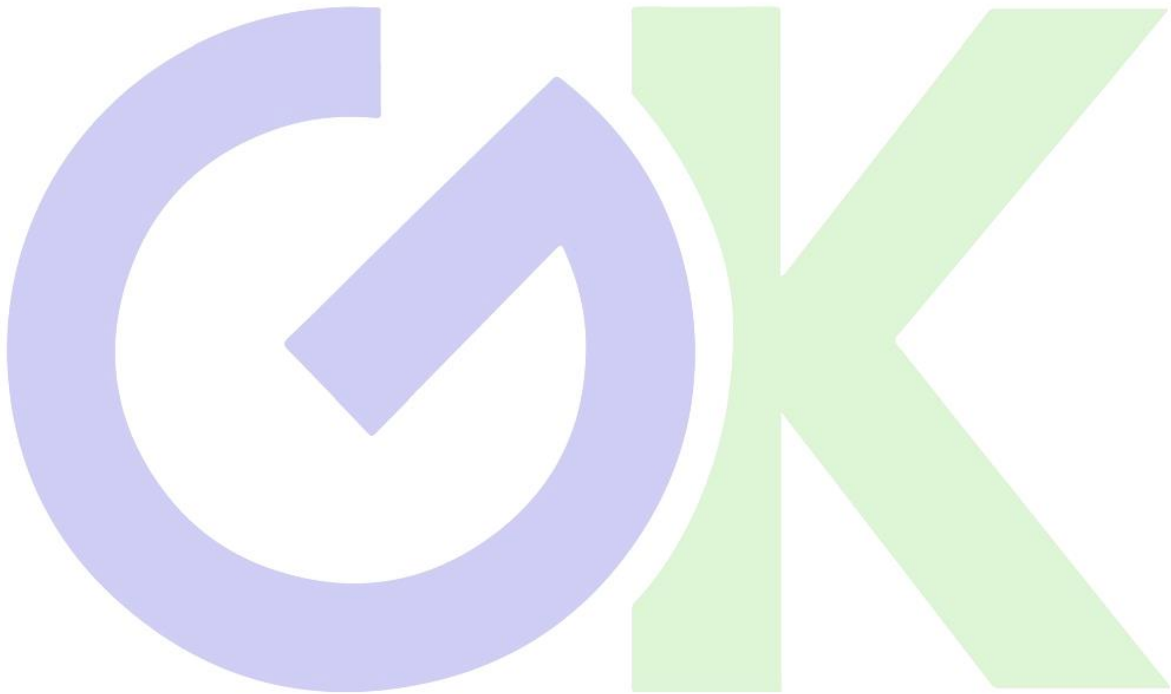
Nobel Prize in Economics 2024:

- ➔ **Research Focus:** Their work explores why some nations are wealthier than others by studying political and economic systems, especially those shaped by European colonisation.
- ➔ **Main Insight:** They showed that societal institutions (like political and economic systems) greatly influence a country's prosperity.
- ➔ **Income Inequality:** The research explains why some countries, despite getting richer, still struggle to close the income gap with wealthier nations.
- ➔ **Example Used:** The city of Nogales, split by the U.S.-Mexico border, where better institutions on the U.S. side lead to more opportunities and prosperity.
- ➔ **Democracy and Growth:** Their findings suggest that countries transitioning from non-democratic to democratic systems experience faster economic growth.

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- **Famous Books:** Daron Acemoglu co-authored Why Nations Fail, a best-seller explaining the origins of wealth and poverty in countries.



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The news discusses the significance of nitrogen in agriculture and the Haber-Bosch process, which converts atmospheric nitrogen into usable fertilisers.

- It highlights both the benefits of increased food production and the environmental challenges posed by excessive nitrogen use.
- The importance of combining technology with social and political efforts is emphasised.

Importance of Nitrogen in Agriculture

- Each year, 100 million tonnes of nitrogen are extracted from the atmosphere and turned into fertilisers through the Haber-Bosch process, adding 165 million tonnes of reactive nitrogen to the soil.
- Natural biological processes replenish about 100-140 million tonnes of reactive nitrogen annually.
- The Haber-Bosch process is essential for meeting the growing global food demand.

Understanding Nitrogen Molecules

- Nitrogen molecules, mainly in the form of N_2 , are abundant in the atmosphere, with eight metric tonnes of nitrogen per square metre.
- Nitrogen atoms bond together to form a strong triple bond, making N_2 nearly inert and unreactive.
- To be usable by plants, nitrogen must be converted into forms like ammonia (NH_3) or nitrates (NO_3^-), which are crucial for plant growth.

Natural Sources of Reactive Nitrogen

- Natural events like lightning can break the N_2 bond, producing nitrogen oxides that form acids and eventually enrich the soil.
- Certain bacteria, such as *Azotobacter* and *Rhizobia*, also convert nitrogen into reactive forms.
- The aquatic fern *Azolla* can similarly absorb and convert nitrogen, providing a natural fertiliser.

The Nitrogen Cycle

- Plants absorb reactive nitrogen from the soil, which is then consumed by humans and animals.
- Nitrogen returns to the soil through excreta and decomposition, but some is lost back into the atmosphere.
- Essential crops like rice and wheat rely on soil nitrogen, which is becoming depleted due to population growth and agricultural demands.

Ammonia Production

- Ammonia (NH_3) is created from nitrogen and hydrogen under high heat and pressure.
- The reaction requires careful conditions to produce significant amounts of ammonia.

The Haber-Bosch Process

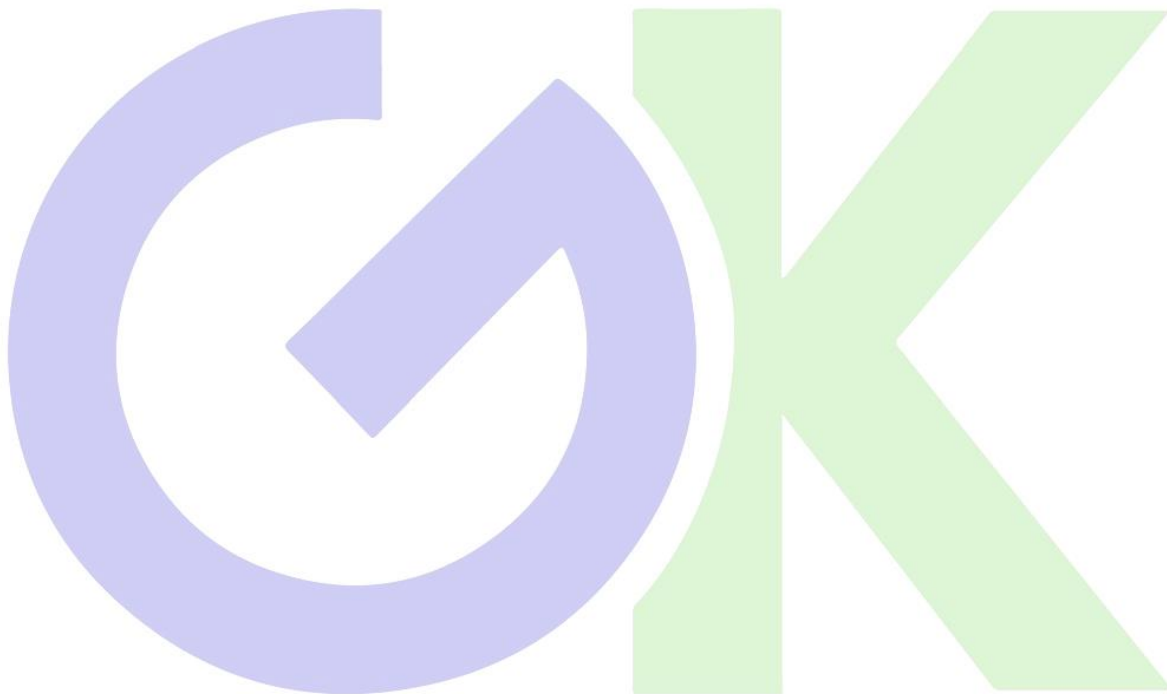
- The Haber-Bosch process was developed by chemist Fritz Haber and engineers Robert Le Rossignol and Friedrich Kirchenbauer.
- It involved circulating a nitrogen and hydrogen mixture under high pressure and temperature, using catalysts to facilitate ammonia production.
- BASF later scaled this method for industrial production, leading to the establishment of ammonia factories.

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Environmental Concerns of Fertilisers

- While the Haber-Bosch process significantly increased food supply and life expectancy, it also poses environmental risks.
- Excessive nitrogen from fertilisers can harm ecosystems, contribute to acid rain, and lead to water pollution.
- While this technology is crucial, it must be combined with political action and social efforts to address food security and environmental issues.



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Stubble burning incidents in Punjab, Haryana, and Uttar Pradesh have risen as rice harvesting progresses, contributing to worsening air quality.

➔ Despite efforts to curb the practice, the fire counts signal a potential spike in pollution in the coming weeks.

Stubble burning on the rise in Punjab and Haryana; Delhi's air quality dips

Jacob Koshy
NEW DELHI

Fire counts in Punjab, a proxy for stubble burning, have rapidly risen in the last week.

As many as 872 fire counts were reported from September 15 to October 13 in the State - a decline from the 1,230 reported for the same period last year and the lowest in five years.

However, this is a sharp rise from the 300 reported as of October 7, according to a Monday bulletin from the CREAMS-Indian Agricultural Research Institute (IARI), which compiles satellite-derived data on stubble burning.

An official at the Union Environment Ministry here told *The Hindu*, requesting anonymity, that while there was an "overall" decline in stubble burning in Punjab since 2020, there is likely to be a spike in the coming weeks. "The harvesting of the rice



As many as 872 fire counts were reported from September 15 to October 13 in Punjab. PTI

has started and the stubble is being collected. However the thing to watch is if the farmers manage to sell the stubble to industries. If they don't, the straw will likely end up as smoke," he added.

Past experience suggests that stubble burning in Punjab accelerates in the third week of October and remains elevated until mid-November.

On the other hand, neighbouring Haryana has so far seen the highest

number of stubble-burning incidents since 2020. Already 468 instances have been reported, compared to 527 in 2020.

U.P. too sees a jump

This year, Uttar Pradesh too saw the maximum instances of stubble burning in five years, with 398 counts reported so far. The previous high was 296, reported in 2020.

Like in Punjab, these States too see a rise in fire counts beginning the third

week of October.

On October 3, the Supreme Court slammed the Commission for Air Quality Management (CAQM) - the nodal body meant to coordinate anti-pollution measures among States - for failing to control incidents of stubble burning, and said it has made "no effort" to implement its direction to prevent such incidents. Prior to this, Punjab and Haryana had committed to "eliminate" stubble burning in 2024 through *in situ* (on the field) and *ex situ* residue management methods.

On Monday, air quality in Delhi was categorised as 'poor,' prompting the CAQM to recommend Stage-1 GRAP (Graded Response Action Plan) restrictions on the city. These comprise about 27 directives to "strictly enforce" collection of garbage, construction and demolition waste, and emission norms among other things.

Increase In Stubble Burning In Northern States:

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- Fire counts in Punjab, indicating stubble burning, have risen to 872 between September 15 and October 13, 2024, compared to 1,230 during the same period last year.
- This marks the lowest fire counts in five years but a sharp increase from 300 on October 7, according to data.
- Union Environment Ministry noted that while stubble burning has declined since 2020, but a spike is expected as rice harvesting progresses.
- Stubble burning in Punjab typically increases in late October and remains high until mid-November.
- Haryana has recorded 468 incidents this year, the highest since 2020.
- Uttar Pradesh has also seen the highest number of incidents in five years, with 398 cases reported so far.
- The Supreme Court criticised the Commission for Air Quality Management for not effectively controlling stubble burning.
- Delhi's air quality was classified as 'poor' on Monday, leading to the implementation of Stage-1 GRAP measures.

Stubble Burning And Pollution In Northern India

- **Issues:**
 - **Air Pollution:** Stubble burning contributes to severe air pollution in northern India, particularly affecting Delhi and surrounding regions.
 - **Health Hazards:** It causes respiratory issues and worsens conditions for vulnerable populations, leading to public health emergencies.
 - **Environmental Impact:** Burning stubble releases harmful gases, including carbon dioxide and methane, contributing to climate change.
 - **Farmer Challenges:** Farmers burn stubble due to the high cost of alternative disposal methods and short time windows between crops.
 - **Ineffective Enforcement:** Despite government measures, enforcement of stubble burning bans remains weak.

Way Forward:

- **Subsidies for Alternatives:** Provide financial support for eco-friendly methods like mulching, bio-decomposers, and machinery like happy seeders
- **Incentivize Residue Sale:** Encourage industries to purchase stubble for biofuel and other uses, reducing the need for burning.
- **Strengthen Regulations:** Improve monitoring and enforcement of stubble burning bans through technology and penalties.
- **Awareness Campaigns:** Educate farmers on sustainable agricultural practices and the harmful effects of burning.

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Workers at Samsung India's Sriperumbudur plant are protesting for their fundamental right to form a registered trade union, seeking collective bargaining rights.

- ➔ The Tamil Nadu government responded with a workmen committee and police action, bypassing legal procedures for union registration.
- ➔ The protest has highlighted various workers' rights in India, including union formation and collective bargaining.

On Samsung workers' right to unionise

The necessity to form unions is obviously for voicing the demands and grievances of labour. It is therefore the obligation of the State, acting through the Registrar of Trade Unions, as the regulatory authority under the 1926 Act, to register trade unions and give individual workers their voice

LETTER & SPIRIT

Krishnadas Rajagopal

The realisation of their fundamental right to form a registered trade union to collectively bargain for better terms of employment is at the heart of the protests by Samsung India workers' at Sriperumbudur in Tamil Nadu. They want to meet the South Korean giant on equal terms across the negotiating table to jointly frame a collective agreement regulating their work conditions.

The State government responded by forming a 'workmen committee' to resolve the problem and resorted to police violence to quell the workers' strike which began on September 9. Labour law expert and Madras High Court lawyer, senior advocate R. Vaigai, pointed out that the State's action was akin to putting the cart before the horse. Legally, she said, the registration of the trade union named Samsung India Workers Union (SIWU) under the Trade Unions Act, 1926 should have preceded the formation of the workmen committee.

The unleashing of the police, rather than following the tenets of the 1926 law to register the trade union and facilitate a democratic atmosphere for collective bargaining under the Industrial Disputes Act of 1947, gives the impression that the government is on the side of the Samsung management. On the other hand, the State government and Samsung have alleged that SIWU is backed by the Centre of Trade Unions (CTU). Samsung has further objected to the inclusion of its name in SIWU.

On the right to form a union
The Supreme Court in *B.R. Singh versus Union of India* in 1989 upheld the right to form associations or unions as a fundamental right under Article 19(1)(c) of the Constitution. The State or courts could "reasonably" restrict the formation of unions, associations, cooperative societies under Article 19(4) of the Constitution. The State or courts could "reasonably" restrict the formation of unions, associations, cooperative societies under Article 19(4) of the Constitution. The State or courts could "reasonably" restrict the formation of unions, associations, cooperative societies under Article 19(4) of the Constitution. The State or courts could "reasonably" restrict the formation of unions, associations, cooperative societies under Article 19(4) of the Constitution.

On collective bargaining
The Madras High Court, in *Rangaswami versus Registrar of Trade Unions*, succinctly defined the history and object of the Trade Unions Act "the organisation of labour to enable collective bargaining". Collective bargaining is defined in Article 2 of the International Labour Organization (ILO) Collective Bargaining Convention of 1981 as negotiations between employees and employers or their organisations to determine working conditions and terms of employment. The product of successful collective bargaining is a collective



Strident protest: Samsung India factory workers enter their 25th day of strike at Sunguvaichattam near Kancheepuram on October 3. VELAMANNI SRI B.

agreement. Collective bargaining is statutorily recognised in the Industrial Disputes Act. The Act provides that in case of failure of collective bargaining, the State steps in to refer the matter to a conciliation officer. The case is further referred to a labour court or an industrial tribunal if the conciliation officer does not succeed.

The roots of collective bargaining trace back to the late 18th and early 19th century when the coal miners struggled for basic conditions. Collective bargaining has protected workers' rights post the economic depression of the 1930s and the Second World War to evolve as a norm along with the emergence of the democratic form of governance globally. In India, traces of collective bargaining could be found in the 1918 Ahmedabad Mills strike led by Mahatma Gandhi in which he initiated the formation of a committee of arbitrators drawn from both the workers, who were seeking a wage rate after the revocation of their plague allowance, and their employers.

Eminent labour law scholar Sir Otto Kahn Freund referred to the level playing field offered by collective bargaining with the expression, "power stands against power". Susan Hayter, in an ILO document, termed freedom of association and the right to collective bargaining as fundamental workers' rights. Former U.S. President Franklin D. Roosevelt in a Senate address in 1937 said the "denial or observance of this right means the difference between despotism and democracy". The National Labour Relations Act or the Wagner Act in the U.S. marked the refusal of an employer to

bargain with a workers' union as an 'unfair labour practice'. The same spirit is reflected in the Fifth Schedule of India's 1947 Act, which lists an employer's refusal to "bargain collectively, in good faith, with recognised trade unions" as an unfair labour practice. The celebrated U.S. Supreme Court case, *National Labor Relations Board versus Jones & Laughlin Steel Corp* held that employees have a fundamental right to organise and select representatives of their own choosing for collective bargaining. The court said any act on the part of the employer to prevent the "free exercise of this right" would amount to discrimination and coercion to be condemned by the competent legislative authority.

The Indian Supreme Court has recognised the importance of collective bargaining to achieve social justice in modern industrial life. *Urnal Leather Karmchuri versus Liberty Footwear Company*. The court, in *Ram Prasad Vishwakarma versus The Chairman, Industrial Tribunal*, noted how labour was at a "great disadvantage" before the "days of collective bargaining".

On the right to strike
The right to strike labour is a legal right recognised with certain restrictions under the Industrial Disputes Act. The Supreme Court described strikes as a "form of demonstration" by workers for their rights. For example, they include various forms like 'go-slow', 'sit-in-work', 'work-to-the-rule', 'absenteism', etc. The court has observed the right to demonstrate and, therefore, the right to strike, as important

weapons in the armoury of workers. The right is recognised by almost all democratic countries. The ILO considers the right to strike as a corollary of the right to organise.

However, the 1947 Act does not recognise the right to strike as absolute. Section 22 prohibits strikes in breach of contract or without giving employer notice within six weeks before striking or before the expiry of the date of strike specified in the notice or during the pendency of proceedings before a conciliation officer and seven days after the conclusion of such proceedings. In the *All India Bank Employees case*, the Supreme Court said the right to form an association was a "guaranteed" one, but the methods used by the unions to achieve their purposes must adhere to the existing industrial laws of the land.

The criticism against the involvement of CTU in the workers' efforts to register a labour union is countermanded by the provisions of the Trade Unions Act itself. Section 6(e) of the Act provides for not only the admission of "ordinary members" from the workforce of a facility in a trade union but also the inclusion of "honorary or temporary members" as office-bearers to form the executive of the union. Section 16 of the same Act permits the constitution of a separate fund for "political purposes". Under this provision, a registered trade union may constitute a separate fund, from contributions separately levied, to promote the "civic and political interests of its members". The section allows these funds to be used to even pay for a candidate to contest elections to any legislative body constituted under the Constitution. The fundamental right to free speech of the workers includes their right to political expression.

On the 'workmen committee'
While the State Industries Minister claimed the discussions with the committee had led to a resolution, *The Hindu* quoted the striking workers saying the "workmen committee" was composed of employees who backed the company.

Section 3 of the 1947 Act covers the constitution of a "works committee". The statute empowers the appropriate government to direct the employer to form a "works committee" consisting of an equal number of representatives of employers and workers engaged in the establishment. The workers in the committee have to be chosen "in consultation with their trade union, if any, registered under the Indian Trade Unions Act, 1926". The provision is also replicated in the yet-to-be implemented Industrial Relations Code of 2020. Hence, the law mandates the registration of a trade union before the formation of a works committee.

What is in a name?
Samsung India has complained to the Labour Commissioner that the use of the name 'Samsung' in the SIWU was a violation of the Trade Marks Act, 1999. Section 29(5) of the 1999 Act states that a registered trade mark is infringed if it is used as the name or the part of a trade name or the name or part of the name of a business concern. Trade unions are not trade or business concerns dealing in goods or services. Section 2(b) of the 1926 Act defines 'trade union' as a "combination" primarily formed to regulate relations between/among workers and employers. U.S. courts have evolved the principle of 'nominative fair use' which involves utilising as much of the distinguishing design elements of a brand logo to reasonably associate the union and the company.

THE GIST

- ➔ The Supreme Court in *B.R. Singh versus Union of India* in 1989 upheld the right to form associations or unions as a fundamental right under Article 19(1)(c) of the Constitution.
- ➔ The Madras High Court, in *Rangaswami versus Registrar of Trade Unions*, succinctly defined the history and object of the Trade Unions Act as "the organisation of labour to enable collective bargaining".
- ➔ The right to strike labour is a legal right recognised with certain restrictions under the Industrial Disputes Act.

Workers' Rights Highlighted:

- ➔ **Right to Form a Union:**
 - Under Article 19(1)(c) of the Indian Constitution, workers have the fundamental right to form associations or trade unions.

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Daily News Analysis

- This right allows them to collectively voice grievances, negotiate working conditions, and protect their interests.
- However, restrictions may apply if there are concerns about public order or national security.
- ➡ **Right to Collective Bargaining:**
 - Workers can engage in collective bargaining with employers to negotiate wages, working conditions, and employment terms.
 - This is recognized under the Industrial Disputes Act, 1947, which facilitates conciliation and mediation in case of negotiation failures, fostering fair and democratic work agreements.
- ➡ **Right to Strike:**
 - Workers can legally strike to protest against unfair labour practices, although it is not an absolute right.
 - The Industrial Disputes Act, 1947 imposes conditions, such as notice periods and prohibitions during certain conciliation processes.
 - Strikes serve as a tool for collective action to demand better rights.
- ➡ **Immunity from Civil and Criminal Action:**
 - Registered trade unions under the Trade Unions Act, 1926, are protected from civil and criminal liability.
 - This immunity ensures that workers and unions are not penalised for peaceful actions taken in the pursuit of their rights, promoting fair advocacy for worker welfare.
- ➡ **Right to Political Expression:**
 - Trade unions are allowed to engage in political activities under the Trade Unions Act, 1926.
 - They can set up a separate fund for civic and political purposes, which can be used to promote the interests of workers, including supporting candidates in elections or engaging in political dialogue.

River In News : Nile River

A regional partnership involving 10 countries has ratified an agreement on the equitable use of Nile River resources, despite Egypt's opposition.

- This agreement on the equitable use of Nile River resources has come into effect immediately.
- This move aims to address water resource management amid rising tensions linked to Ethiopia's controversial dam project on the Blue Nile.



Analysis of the news:

- Countries that have ratified the accord include Ethiopia, Uganda, Rwanda, Burundi, and Tanzania.
- Egypt and Sudan have not signed the agreement, while Congo abstained; Kenya has not submitted its ratification documents.
- The Nile Basin Initiative hailed the accord as a collective effort for sustainable water use, beneficial for future generations.

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Daily News Analysis

- Ongoing tensions are exacerbated by Ethiopia's \$4 billion dam project on the Blue Nile, raising concerns for Egypt's water and irrigation supply.

About Nile River

- **Location:** The Nile River is one of the longest rivers in the world, flowing approximately 6,650 kilometers (4,130 miles) through northeastern Africa.
- **Source:** It has two major tributaries: the White Nile, originating from Lake Victoria, and the Blue Nile, starting at Lake Tana in Ethiopia.
- **Countries:** The river flows through 11 countries, including Uganda, Sudan, and Egypt, before emptying into the Mediterranean Sea.
- **Economic Importance:** The Nile is crucial for agriculture, providing water for irrigation in otherwise arid regions.
- **Environmental Concerns:** Issues include pollution, dam construction, and water disputes among riparian countries.

Ensuring a proper social safety net for the gig worker

The Union Ministry of Labour and Employment is drafting a national law to incorporate gig workers into social security schemes, offering benefits such as health insurance and retirement savings. The government is expected to require aggregators to contribute 1%-2% of their revenue to establish a social security fund, which would provide health insurance and other benefits. The government is also revising the definitions of gig and migrant workers to make them more inclusive and reflective of current employment realities.

The proposed legislation will establish a welfare board model, creating a fund for the social security of gig workers. It mandates the registration of all gig workers and requires aggregators to give a 14-day notice, with valid reasons before termination, while ensuring transparency in automated systems. Dispute resolution mechanisms will also be introduced to protect gig workers' rights.

The Labour Minister also pointed out that aggregator companies that employ gig and platform workers will be asked to take the lead in registering their workers on the portal. Workers registered on the Labour Ministry's e-Shram portal are eligible for life and accidental insurance, along with other benefits.

Labour codes

In this context, it can be mentioned that India formulated four new labour codes in 2019 and 2020. These codes essentially simplified and rationalised existing labour laws and enabled 29 central labour laws to be merged in four broad codes: namely, wage, social security, industrial relation and occupational safety health working conditions. The only code where gig and platform workers found mention is the Social Security Code 2020.

In this code, gig and platform workers are perceived as a subset of informal sector workers. Accordingly, the said code provided for the formulation of social security schemes for gig and platform workers by the central government. Further, like informal workers, gig workers ought



Kingshuk Sarkar

a faculty member at the Goa Institute of Management and former labour administrator with the Government of West Bengal

Defining 'employment relation' in gig work is the key

to register themselves under the e-Shram portal through self-declaration.

Worker definition

The issue arises from the definition of gig workers in the Social Security Code 2020, which places them outside the traditional employer-employee relationship. This is problematic since many gig employers, as in some of the well-known companies, operate as formal entities within the formal sector. The exclusion of gig workers from the traditional employment framework is the crux of the problem.

It is a deliberate ploy on the part of the "aggregator" to demystify employment relations in gig and platform economies such that the application of existing labour laws get pre-empted. In a gig economy, employment relations remain ambiguous and workers are categorised as independent workers or contractors.

Such camouflaging of employment relations leads to the misconception that the gig worker is an independent worker. The Social Security Code 2020 accepts this deception and includes gig workers as part of the informal sector. The Code does not decipher the real employment relation in the gig and employment economy.

Also, there is a huge difference in terms of entitlement between institutional social security and social security schemes. For example, formal workers get 26 weeks of paid leave along with job security for the entire period of maternity under the Maternity Benefit Act, 1961. This is part of institutional social security coverage.

Under social security schemes, for maternity benefits, there is a cash benefit such as ₹5,000-₹10,000 given to registered informal workers. The gap between an institutional social security and a social security scheme in terms of entitlement is very clearly evident. The Social Security Code 2020 sets to provide gig workers with only certain social security schemes but not institutional social security.

Similarly, other forms of institutional protection such as minimum wage protection are

missing for gig workers. Occupational safety and health regulations do not apply for gig workers. Gig workers are not included under the Industrial Relations Code 2020 and are not covered under the dispute resolution mechanism provided thereunder.

The cornerstone of protection under labour laws is the explicit employment relation. This is what is not defined for gig work in the Indian context. Pieces of legislation introduced in recent times in States such as Rajasthan and Karnataka also suffer from this particular lacunae.

The core issue

If the Union Ministry of Labour and Employment is serious about protecting the interests of an ever increasing number of gig workers in the country, it should define the employment relation in gig and platform in an explicit manner and remove the veil created by so-called "aggregators". Recognising "aggregators" as employer and reclaiming explicit employment relation in gig work is the key factor.

An important precedent here is the ruling by the U.K. Supreme Court on the Uber case in 2021 – Uber was deemed to be an employer, Uber drivers as "workers" and Uber asked to honour the prevailing labour laws of the land.

Once the employment relationship is clearly defined, gig workers can be included under the proposed four labour codes, eliminating the need for separate legislation. The welfare board model, as suggested by the Union Ministry of Labour and Employment has shown limited effectiveness in the past, particularly with construction workers, who were also classified as informal despite working for formal employers. Clarifying the employment relationship in gig work would further promote the formalisation of workers in this sector.

Moreover, the entire labour code was designed for simplification and rationalisation. Introducing separate laws for specific workforce segments undermines this goal. The key is to recognise the employment relationship in gig work. Once this is addressed, the rest will follow.

GS Paper 03 : Indian Economy

(UPSC CSE (M) GS-3 2022): Besides the welfare schemes, India needs deft management of inflation and unemployment to serve the poor and the underprivileged sections of the society. Discuss.

Context :

- The Union Ministry of Labour and Employment is drafting a national law to incorporate gig workers into social security schemes, offering benefits such as health insurance and retirement savings.
- The government is expected to require aggregators to contribute 1%-2% of their revenue to establish a social security fund, which would provide health insurance and other benefits.
- The government is also revising the definitions of gig and migrant workers to make them more inclusive and reflective of current employment realities.

Overview of the proposed legislation

- **Registration:** It mandates the registration of all gig workers and requires aggregators to, with valid reasons before termination, while ensuring transparency in automated systems.
- **Resolutions:** Dispute resolution mechanisms will also be introduced to protect gig workers' rights.
- **Role of aggregators:** The Labour Minister also pointed out that aggregator companies that employ gig and platform workers will be asked to take the lead in registering their workers on the portal.
- **Portal details:** Workers registered on the Labour Ministry's e-Shram portal are eligible for life and accidental insurance, along with other benefits.

Labour codes

- **Background on labour codes:** In this context, it can be mentioned that India formulated four new labour codes in 2019 and 2020.
 - These codes essentially simplified and rationalised existing labour laws and enabled 29 central labour laws to be merged into four broad codes: namely,
 - wage, social security, industrial relations, and occupational safety, health, and working conditions.
- **Inclusion of Gig and platform workers:** The only code where gig and platform workers found mention is the Social Security Code 2020.
 - In this code, gig and platform workers are perceived as a subset of informal sector workers.
 - Provisions for social security: Accordingly, the said code provided for the formulation of social security schemes for gig and platform workers by the central government.
 - Further, like informal workers, gig workers ought to register themselves under the e-Shram portal through self-declaration.

Worker definition

- The issue arises from the definition of gig workers in the Social Security Code 2020, which places them outside the traditional employer-employee relationship.
- This is problematic since many gig employers, as in some of the well-known companies, operate as formal entities within the formal sector.
- The exclusion of gig workers from the traditional employment framework is the crux of the problem.

Ambiguity in employment relations

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- ➔ **Demystifying relations:** It is a deliberate ploy on the part of the “aggregator” to demystify employment relations in gig and platform economies such that the application of existing labour laws get pre-empted.
- ➔ **Ambiguity:** In a gig economy, employment relations remain ambiguous and workers are categorised as independent workers or contractors.
- ➔ **Misconceptions and deception:** Such camouflaging of employment relations leads to the misconception that the gig worker is an independent worker.
 - The Social Security Code 2020 accepts this deception and includes gig workers as part of the informal sector.
 - The Code does not decipher the real employment relation in the gig and employment economy.

Differences in social security coverage

- ➔ Also, there is a huge difference in terms of entitlement between institutional social security and social security schemes.
- ➔ For example, formal workers get 26 weeks of paid leave along with job security for the entire period of maternity under the Maternity Benefit Act, 1961. This is part of institutional social security coverage.
- ➔ Under social security schemes, for maternity benefits, there is a cash benefit such as ₹5,000-₹10,000 given to registered informal workers.
- ➔ The gap between an institutional social security and a social security scheme in terms of entitlement is very clearly evident.

Limitations of the Social Security Code 2020

- ➔ **The Social Security Code 2020:** sets to provide gig workers with only certain social security schemes but not institutional social security.
- ➔ **Institutional protection:** forms such as minimum wage protection are missing for gig workers.
- ➔ **Lack of safety standards:** Occupational safety and health regulations do not apply for gig workers.
- ➔ **No inclusion:** Gig workers are not included under the Industrial Relations Code 2020 and are not covered under the dispute resolution mechanism provided thereunder.

Need for clear employment relation definition

- ➔ The cornerstone of protection under labour laws is the explicit employment relation.
- ➔ This is what is not defined for gig work in the Indian context.
- ➔ Pieces of legislation introduced in recent times in States such as Rajasthan and Karnataka also suffer from this particular lacunae.

The core issue

- ➔ **Defining the employer -employee relationship:** If the Union Ministry of Labour and Employment is serious about protecting the interests of an ever increasing number of gig workers in the country, it should define the employment relation in gig and platform in an explicit manner.

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- ➡ **Remove the veil created by so-called “aggregators”:** By recognising “aggregators” as employer and reclaiming explicit employment relation in gig work is the key factor.
- ➡ **Supporting cases:** An important precedent here is the ruling by the U.K. Supreme Court on the Uber case in 2021 — Uber was deemed to be an employer, Uber drivers as “workers” and Uber asked to honour the prevailing labour laws of the land.

Way forward

- ➡ **Need for inclusion:** Once the employment relationship is clearly defined, gig workers can be included under the proposed four labour codes, eliminating the need for separate legislation.
- ➡ **The welfare board model:** as suggested by the Union Ministry of Labour and Employment has shown limited effectiveness in the past, particularly with construction workers, who were also classified as informal despite working for formal employers.
- ➡ Clarifying the employment relationship in gig work would further promote the formalisation of workers in this sector.

Conclusion

- ➡ Moreover, the entire labour code was designed for simplification and rationalisation. Introducing separate laws for specific workforce segments undermines this goal. The crucial step is to acknowledge the employment relationship in gig work. Once this issue is resolved, everything else will fall into place.