

An Critical Analysis on the Impact of New Economic Policy, 1991 on Indian Labours and Labour Market

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Abstract – After getting independence from the British in 1947, India has been steady growing itself internally with the help of many reforms in particularly 5 year plans. State intervention is there in almost every business. Industries inclusive of metallic, mining, system tools, water, telecommunications, coverage, and electric vegetation, among different industries had been nationalized. Private parties aren't allowed to function in this areas. License raj is also triumphing for the duration of that time. This system is visible as a failure because this system as cause corruption and red tapism. Non-public players are not capable of get permit for their enterprise on time. This leads exit of many present personal agencies and people running there receives unemployed. Many of the Public area units are ruined by way of the government faced loss and they are not able to make income. Growth rate starts to gradual down. This especially due to the poor monetary policy of the government.. So the forex reserves decreased considerably. Instability of the governments and devaluation of the forex brought on the economic system to shake. India is compelled to get emergency loan from IMF. Inorder to offer cash IMF imposed many conditions like starting of the economy to world. Afterwards New financial policy, 1991was brought, that is popularly referred to as ‘LPG’- LIBERIALIZATION PRIVATIZATION GLOBALIZATION. It has both positive and negative impacts on all the sectors. In this article, I will focus more on the negative impact of the New Economic Policy, 1991in Indian Labourers and Labour market and one case study regarding this is mentioned.

Keywords – Liberalization, Privatization, Globalization, Economic improvement, New Economic Policy

INTRODUCTION

Economic growth is the principle goal of the number of the countries within the world. Beneath developed countries combat to end up a growing USA, wherein developing international locations fights to become advanced USA and in the end developed international locations focus on retaining their popularity as developed united states. India takes many efforts to become a developed country like USA. After have Independence from British in 1947, India is left with troubles like poverty, unemployment, and so on. So, the President of India in that point Mr. Jawaharlal Nehru has introduced the idea of five year plan, that is adopted from Soviet Union. The first 5 year plan centered on agriculture. Second five year plan targeted on Industries. Once India is a closed financial system this is no foreign traders are allowed. Best indigenous human beings are allowed to do business. Seven sectors are nationalized in the country. Simply Government has the right to operate in those sectors and privates are not allowed in that. Authorities deliver permission to do business to those wealthy industrialists of that point. Governments intervention might be there in every area.

In the course of this time, license raj device is triumphing. It is wherein the companies has to get license from the government to start the commercial enterprise. In 1956, overall of 12 industries have been nationalized. According to government, license raj device is important to prevent attention of powers in non-public individuals.

Due to excessive amount of price lists and access obstacles many overseas buyers hesitate to put money into Indian markets. No boom phrase in India because of License raj device is far away from relaxation of the

world. The occurring of Indo- China struggle in 1962 irritated the trouble and country wide emergency is said. In 1971, once more battle rise up among Pakistan and India, in this situation additionally country wide emergency is asserted. Again in 1975 country wide emergency is declared because of the inner disturbances. Because of the above three incidences, enterprise in India may be very affected. Things get even worse for India because of monsoon screw ups inside the country. Human beings within the country had been agitating because of inflation and unemployment inside the country. Boom phrase of the India beneath the license raj machine was worst compared with the growth of the countries having open market economic system.

The upward push in crude oil costs impacts the country lots. Forex reserves of the country take a big hit. The financial position of the India has get a huge shake. Government decided to get loans from IMF. IMF imposed certain rules for providing loans like reducing welfare scheme, rising petrol prices and opening the Indian market to foreign investors. So, New Economic Policy, 1991 was passed. This system has both advantages and disadvantages in India.

Goals of New Economic Policy 1991

- To assist the economy to come back into stability
- To enhance competitiveness
- To help the non-public quarter to begin business with ease
- To balance the difference among stability of bills an stability of receipts
- To create employment opportunities.

OBJECTIVE OF THE RESEARCH

- The main objective of the this paper is to study the impact of the New Economic Policy , 1991 on Indian Labour and Labour market.
- The impact of the New Economic Policy, 1991 on the Hindustan Photo Films Manufacturing Company will be analyzed.
- To provide suggestions for reducing adverse impact on the Labourers.

LIBERALIZATION

Liberalization refers back to the method of decreasing the trade obstacles in the economy and making it ease for the people to start the business.

Positives of Liberalization

Clean go with the flow of capital - With the discount inside the barriers to the exchange, the amount of overseas funding in the markets elevated. This paved manner for fast growth of the financial system.

Elevated foreign institutional traders – Overseas institutional buyers such as merchant bankers , mutual budget and pension price range are allowed to invest in Indian financial markets.

Negatives of Liberalization

Cut throat competition The nearby industries in India are not capable handle the stiff competition from the foreign competitors.

PRIVATIZATION

Privatization is the method of moving possession of the industry or enterprise from public hands to private hands.

Positives of Privatization

Accelerated waft of Foreign direct investment- Privatization affords sturdy basement for the influx of FDI into India. Increased float of FDI facilitates in increased economic growth of the India.

Negatives of Privatization

Chance of monopoly - Personal sector consciousness mostly on manipulating the marketplace and that they forget the social desires .

GLOBALIZATION –

Globalization is the spread of the economic products, items, generation, information and jobs throughout country wide borders and cultures.

Positives of Globalization

Borne to growing economies – Globalization allows the growing economies to capture up with the industrialized international locations through accelerated production and monetary growth.

Advanced standard of living– Globalization allows in growing general of residing of the people via higher residing situations and availability of goods with many choices.

Negatives of GLOBALIZAION –

Extended profits gap – Globalization results in widening of profits gap among the rich people and poor humans.

Destruction of surroundings - Globalization leads to increase in pollutants with the aid of way of the expanded emissions from the manufacturing units.

LITERATURE REVIEW

1. Amit Kumar Dutta in his paper on India’s economic reforms and its impact on Labour , highlighted Whether the nation has truly benefitted from the policies of economic reforms is a matter of debate and this reform ignored the interests of the working class. Various provisions of the employment laws such as Factories Act, Maternity Benefits Act, Employees State Insurance Act have been diluted to make Indian Labour as cheap as possible by not providing basic rights and social security benefits.

2. Pradeep Agarwal in his paper on The Impact of Economic Reforms in Indian Manufacturers – Evidence from a small sample survey, 2009 reflected that most of the firms felt that import of capital and immediate goods got cheaper and it helped in access to cheap technology from foreign.

3. Seema Singh in her paper on New Economic Policy in India - Some implications for employment and labour market, 1993 observed that the Developing countries like India, there is a need of a complementary employment policy suited to our needs so that the interest of the people not compromised in the name of efficiency and productivity.

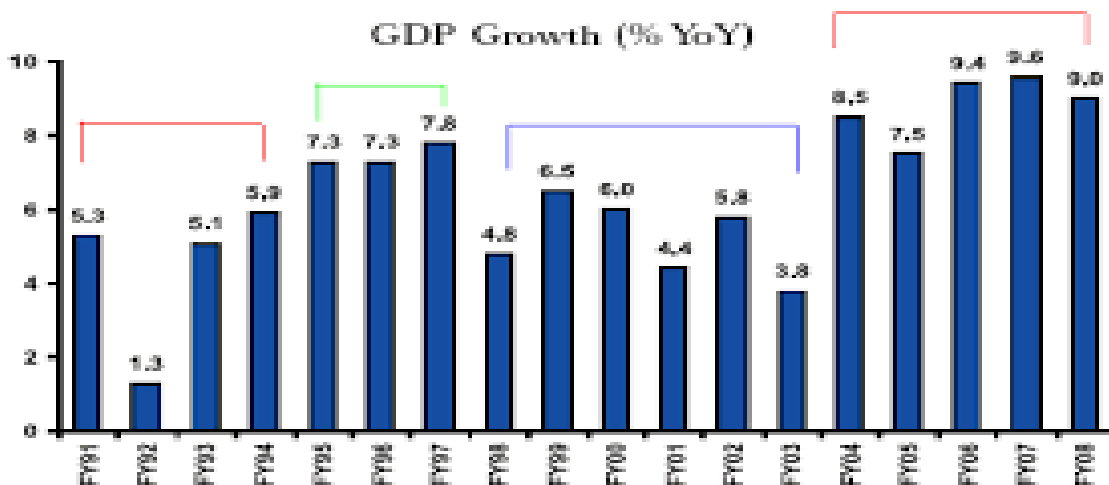
4. D.Upadhyay in his paper on India’s New Economic policy of 1991 and its impact on women’s poverty, 2010 stated that these policies have resulted in increased urbanization and fewer job opportunities for women in the formal sector. People forced to move to cities in search of job.

5. Subhash .c. Ray in this paper on Did India’s Economic Reforms improve efficiency and productivity? Showed that a nonparametric analysis of the initial evidence from manufacturing reflected

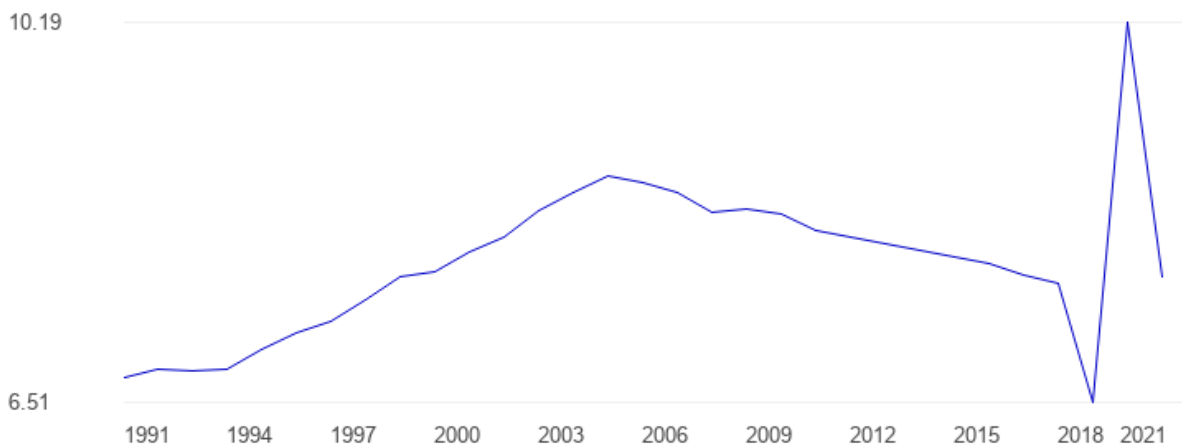
that annual rate of productivity growth has been higher in the post reform period than in the pre reform years.

New Economic Policies impact on Indian Labour and Labour Market

- I will be focus more on the negative aspects of New Economic Policy on Indian Labour and Labour market
- Dereservation and delicensing of the industries carried out. Regional disparity in economic growth occurred as more factories attracted towards industrially developed states like Maharashtra , Tamilnadu Gujarat. Inter migration of labourers has increased because of this. Basic problems of unemployment , agriculture, industrial infrastructure, fiscal management is still persist.
- Companies preferred capital intensive techniques than labour intensive techniques. The rate of recruitment of the people gets a hit.
- Monopoly Restrictive Trade Practice Act, was abolished. Role of government has been converted from controller to facilitator.
- Economic Liberalization in the organized manufacturing sector which is governed by the strict labor laws has resulted in less job creation. Multinational Companies look at less developed countries mainly because of the availability of cheap labor less stringent laws, which leads to exploitation of labour in most cases.
- All the Trade unions, irrespective of their political affiliation have expressed their opposition to it because according to them the full package was anti working class and 3 national wide bands were taken place opposing this.
- According to Economic Survey 1991-1992, number of employees in sick units were 45 lakhs of which the 58 units were chronically sick Public Sector Unit's, which employs 4.1 lakhs.
- Economic reforms have failed to create enough jobs. In 1992-1994, unemployment rate was 5.61% , which increased to 7.21% in 1999- 2002.
- No of strikes taking place against the management of the company was on upward rise. This is mainly because of the unfavorable labour conditions that are prevailing in the market.



This chart indicates the GDP growth rate of the India from 1991 to 2008



This diagram indicates the unemployment rates in India from 1991 to 2021

CASE STUDY

HINDUSTAN PHOTOFILMS MANUFACTURING COMPANY LIMITED

Hindustan photo films manufacturing company limited is in other case known as HPL was placed in Udhagamandalam, in Tamilnadu . It is an Indian public sector manufacturer of picture movies, x-ray movies, image arts movies, and so on. Their photographic films are popularly bought as INDU, because of this silver in Sanskrit. It is set up with the goal to make India autonomous in photograph sensitized goods.

This is the only included manufacturer of picture sensitized goods in South East Asia. This corporation is offering employment to more than 5000 personnel. The enterprise act as a catalyst in economic improvement in Udhagamandalam . Before creation of the Liberalization Privatization and Globalization Scheme in 1992, the enterprise turned into monopoly in producing photo films in India.

After the advent of Liberalization, privatization and Globalization, the organization faced stiff competition from the foreign corporations. Utilization of picture movies are changed by means of virtual cameras . Number of orders received via the enterprise keeps on reducing. In 1996, central government and state government and few non-public organizations give orders to Hindustan photograph films Industries. In 2001, they also decreased the number of orders given to the Hindustan picture movies enterprise.

Management of the corporation decided to reconstruct the corporation. In 2001, the company sought Rs 1350 Crores for economic reconstruction. During the first half of the that financial 12 months , the business enterprise managed to get growth in earnings with the aid of 85%. Parliamentary committee counseled the government to take movements to revival the corporation from loss.

In 2002, the management of the employer inside the efforts to restore the company added many merchandise in order to compete with present competition. It introduced new merchandise like virtual Imaging films, Ink jet films and prints. Those steps does not helped the agency to enhance its role. Then, Board for commercial and financial Reconstruction recommended the Hindustan photo film company and its promoters to publish a rehabilitation suggestion to ICICI bank. Due to throughout this time, Hindustan photo film company has defaulted within the price of provident Fund dues up to Rs.53 Crores and that they crowned the list of defaulters inside the ICICI bank's list.

In many stages, VRS scheme was declared, many employees left the company.

In 2016, company was left with only 167 employees. Government by way of notice in 24.4.2016, stated that all the remaining employees stand relieved and VRS benefits will be given and closure is announced.

Employees filed the case in the court stating that notice is void?

Hindustan Photo Films Workers VS Government Of India

The management of the company contended that cabinet committee on economic affairs approved the VRS package at 2007 notional pay scale Court held that notice is valid and VRS package cannot be illegal. Further, the monetary benefits is in the nature of compensation, which is decision of Government Of India. So, the amount to be exempted from Section 10 A of the Income Tax Act. Section 10 A is a special provision which allows industrial undertakings to avail certain tax deductions.

PROVISIONS COVERED UNDER THIS CASE

Section 2 [cc] of Industrial Disputes Act, 1949 defines closure as permanent closing down of place of employment or part thereof.

Section 25 [FFF] of Industrial Disputes Act, 1949, defines compensation to workmen incase of closing down of undertakings

- Where an undertaking is closed down for any reason, every workman who has been in continuous service for not less than 1 year in that undertaking immediately before such closure shall entitled to notice and compensation in accordance with the section 25F of the Industrial Disputes Act, 1949.

Section 25 [F] of Industrial Disputes Act, 1949 , deals with conditions precedent to retrenchment of workmen

No workman employed in any industry, who has been in continuous service for no less than 1 years under an employer shall be retrenched by that employer until

- The workman has been given one month's notice in writing indicating the reason's for retrenchment and the period of notice has expired or the workman has been paid wages for the period mentioned in the notice
- The workman has been paid at the time of retrenchment compensation which must be equal to 15 days of average pay for every completed years of continuous service or any part thereof in excess of 6 months

Notice in the prescribed manner is served on the appropriate government or such authority as specified by the appropriate government by notification in official gazette.

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Section 25(F) of Industrial Disputes Act, 1949, defines the conditions to be followed prior to retrenchment of Workmen

No workman, who has been in continuous service for not less than 1 year employed in any industry shall be retrenched by that employer until-

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PRESENT TREND

Cinema enterprise is dynamic in nature. It continues on changing with the desires of the humans. What is trending in a single duration will now not be in fashion in destiny. Wishes and likes of the humans varies from area from area. With the growing popularity of the social media and the introduction of the reels and Youtube shorts, the film industry receives a boom.

Human beings need to offer themselves in better way. So, special techniques of photography is emerging. New forms of photography like drones, high Dynamic range pictures, 360 degree panorama, etc. Aside from the advent of the brand new strategies, the techniques which are formerly existed came into limelight. Formerly existed images strategies like black and white images, film pictures, flash pictures had come to be famous and well-known in recent times.

Black and White images is a form of monochrome images. It contains versions of colors from white to black. Flash images is shape of photography where pictures are enthusiastic about the assist of flash in order to provide better lights. Movie pictures is a shape of pictures in which a scene is recorded in a strip of roll.

With growing attention about the film images, a scheme must be made to encourage development of those areas and protection must be given to those are budding in those areas.

LIMITATIONS

1. The destiny researchers can do non-doctrinal studies as the studies is finished primarily based on doctrinal studies.
2. The researchers can focus on doing studies outdoor Tamilnadu, as data inside the article are limited within Tamilnadu.

SUGGESTIONS

1. Policies should be made, to provide skills, training programs to the people working in both private and government companies for budding technologies.
2. Schemes should be made to provide employment to the mid aged people, who get unemployed in the structural changes.
3. People who are got unemployed during, structural changes, has to be given preference in the jobs.
4. New jobs can be created, when there is stimulus to demand from both public and private sector as it keeps aggregate demands high.

CONCLUSION

The selections of the patron are preserve on converting. With the introduction of globalization, human beings are having multiple choices. Matters which can be in trend can be out of fashion in a while. Matters which out usual in beyond turns into trend. So, Governments should periodically revise the existing laws and make new laws as time demands. Interest of the labour must be given first priority and that must be saved.

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