

## V.V. Giri Memorial Award 2008

Acceptance Speech by K.P. Kannan  
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Lodhi Road, New Delhi 110003

Honourable Minister for Labour and Employment Shri Oscar Fernandes,  
Secretary, Ministry of Labour and Employment Smt Sudha Pillai, VVGiri NLI  
Director Shri Kanwar Singh, Distinguished Invitees and Friends,

I feel so honoured to have been selected for this V.V.Giri Memorial Award instituted by the V.V. Giri National Labour Institute chaired by the Honourable Minister for Labour and Employment Shri Oscar Fernandes. The late President V.V.Giri, as we all know, was a multi-faceted personality. His entry into public life was through organising labour and he made early and important contributions to the understanding of the role of labour in economic development in our country. His interest in labour issues was a continuing one and this was evident in his leadership, while holding public offices, in the formation and subsequent guidance of the Indian Society of Labour Economics in 1958 along with a group of highly respected academics that included Professors Radha Kamal Mukherjee, C.N. Vakil and V.B. Singh.

I understand that this award, conferred on me just now, is for my contributions in the area of social security - a subject that has been receiving increasing public attention in our country. This, I believe, is due to the ground reality that tells us that an overwhelming proportion of our working people - 92 percent by latest estimate - do not enjoy either employment or social security. This is because most of them are either self employed - as in the case of farmers, weavers, fish workers, artisans, street vendors, rickshaw pullers and so on - or work as casual labourers in rural or urban areas. Eighty percent of such workers belong to households which cannot spend more than Rs.24 per person per day. In fact, more than half of them spend less than Rs.16 and the remaining group's average is only Rs.20. These statistics relate to the year 2004-05 and we should all hope, and I certainly do, that the situation has turned around for the better given the focus on the common people or what is popularly referred to as the *Aam Aadmi*.

The provision of social security is crucial to this group of poor and vulnerable workers. The notion of social security that we have so far adopted in this country is, in my opinion, derived from the Western notion of contingent social security provided to workers with formal employment to take care of risks arising out of sickness, maternity, old age and death. I do not have to tell this audience that such a restricted meaning of social security is hardly compatible with the poverty and vulnerability of the informal workers that I mentioned above.

Their concerns of, and need for, social security arise from what may be called (a) deficiency, and (b) adversity.

In our country, the priority in public policy has so far been to meet conditions of deficiency in such areas as provision of essential food items, primary health care, and basic education. An important and, if I may say so, historic initiative in giving a legal entitlement to this kind of basic social security is the National Rural Employment Guarantee Act albeit limited by the number of days and rural residence. This important initiative needs to be complemented by the provision of a minimum of contingent social security. It is in this area that the National Commission for Enterprises in the Unorganised Sector made a recommendation for a National Minimum Social Security to all the informal or unorganised workers in the country as a legal entitlement.

The basic intent here is the construction of an idea called 'social floor' below which no one in the country should be allowed to fall. With this in view, the NCEUS further recommended two more components to this social floor idea. One is a statutory national minimum wage that will act as a floor level wage for all regionally and occupationally differentiated minimum wages existing in the country. The other is the enforcement, backed by national legislation, of 'minimum conditions of work' to tackle the appalling and often inhuman and hazardous conditions of work obtaining in several parts of the country. The laying down of such minimum conditions of work will certainly address worst forms of work to which some of the most disadvantaged groups of workers such as migrant, bonded and child labourers are subjected to.

The idea of a 'social floor' should not be viewed as a static one in a growing economy. In my opinion, it should be viewed as a dynamic concept undergoing a process of 'levelling-up' commensurate with, if not more than, the growing economic output of the country. If we take political democracy guaranteeing a life with dignity to all the citizens as our overarching framework for governance, then the idea of a social floor and its construction should be viewed as a *sin qua non* for development with democracy.

There could be, and there are, differences of opinion in the desirability and feasibility of these minimum requirements that should constitute, to begin with, the creation of a social floor. It is my view that objective conditions for the adoption of such an idea is long overdue given the fact that the Indian economy has been growing at around six percent per annum for the last 25 years. Instead of levelling up the implicit social floor in our development strategy, we have allowed it to go down considerably. Let me illustrate this with a single statistic. The official poverty line - widely used in policy formulation and allocation of resources - constitutes, in my opinion, an implicit social floor. The money value of this poverty line in 1973-74 was equivalent to 54 percent of the then per capita income for rural areas (and 64 percent for urban areas). In 2004-05 this value constituted just about 16 percent of the per capita income for rural areas (and 25

percent for urban areas). This is one simple measure to test whether the growth process has really trickled down to the poor or not.

My own interest in issues relating to social security has been through my study of the interaction between labour, in the sense of actually working people, and development. My interest in labour economics was kindled by my teachers in the University of Bombay of whom I want to mention Professor T.S. Papola. I have been fortunate to continue my association with him through the Indian Society of Labour Economics of which he is the President. My interest was rekindled when I began to study the process of mobilisation and organisation of rural workers, a much neglected segment in the organised working class, by two outstanding scholars - Professor Jan Breman of the University of Amsterdam and Professor Ashwani Saith of the Institute of Social Studies in Den Haag - who, despite being located outside India, continue to devote considerable time in teaching and researching on issues relating to labour and development in general and the labouring poor in India in particular. I am indeed fortunate to have got an opportunity to work with the National Commission for Enterprises in the Unorganised Sector set up by the Government of India and I want to mention Professor Arjun Sengupta for his leadership in providing an intellectual ambience for discussions, debate and argumentation on issues relating to unorganised labour and unorganised sector. Finally and most importantly, I want to mention the name of Professor K.N. Raj, one of India's leading economists and social thinkers and also the founder of the Centre for Development Studies in Thiruvananthapuram, whose mentoring and intellectual support I enjoyed since the early phase of my academic career. His unspoken teaching reminds me at every stage of my work that economics without empathy for fellow beings will indeed make it a 'dismal science'.

I take this opportunity to thank all those I have mentioned and not mentioned in and out of my professional work. While I cannot hide my happiness in accepting this award, I also feel humbled by it. It is my intention to contribute the money part of this award to the Indian Society of Labour Economics which is celebrating its Golden Jubilee Conference this year and which provided me with so many opportunities for professional advancement and personal friendships.

Thank you all.