**Global Production System, Employment Quality, and Economic Inclusion: A perspective of Indian Economy**


Abstract

The rising informalisation of jobs under the current global production system has caused exclusion of a very large chunk of labour force from economic mainstream worldwide. India's situation is alarming particularly for its unusually huge size of the unorganised sector. The economic reforms of the early 1990s even though have enhanced industrial productivity marginally have exerted tremendous pressure on the labour market. This can be understood with the rising informality in even the formal sector. It has wide ranging implications for economic inclusion of the workers/households that are engaged in the informal economy.

While this process of economic exclusion was insignificant during 1970s, it picked up pace in the 1980s and grew ferocious since the early 1990s.The latter decade is quite important for the rise of informality as many countries from the global south joined the bandwagon of the market economy. However, only a few of them could become success stories notably the East Asian Region including China though employment quality can't be appreciated much. However, they have moved upwards on the trajectory of their structural transformation in consonance with their labour supply.

China's ascent and niche positions of the most of the East Asian countries in the global production system can't be attributed to their pro-market policy shift alone. Rather it was engendered by holistic industrial policies loaded with strong government commitment to industrial development through human capital formation. Contrary to the experiences of the countries of this region and other developed countries, India's policy makers have shown inadequate progress towards labour absorbing industrialisation neither in the pre-reforms nor in the post-reforms periods. The deficit of labour absorbing industrial structure tells a whole story.

The blame of rising informalisation and economic exclusion of large proportions of India's workforce can't be shifted to the economic reforms policies entirely. It was rather myopia and weak commitment of the policy makers who could not design holistic industrial policies to cater to the growing workforce. The existing literature has examined this aspect of industrial performance. The sheer absence of any concrete and pragmatic industrial policy even after three decades of the economic reforms for catalyzing industrial productivity and diversification is beyond imaginations.

In the post-COVID world, India will require dedicated policy interventions to instill dynamism in its industrial performance. However, it will require the policy makers to facilitate not only large corporations only but also to create a policy mechanism for small scale entrepreneurship. In addition, the state must play its welfare role by devising innovative policies for social protection so that hardships of informality do not feed on lives of informal workers/households.

Keywords: Global Production, Informalisation, Inclusion, Social Protection