

India needs to rethink proposed changes to labour laws: Here's why

Written by Swati Saxena | Updated: December 8, 2015 10:47 am



Almost 90 per cent of the labour community is casual and not protected by laws and regulations.
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Former Prime Minister Manmohan Singh, addressing the 31st Plenary Session of INTUC on Saturday, spoke out against the “anti-labour and unimaginative economic policies of the NDA government.” The statement is significant as this INTUC conference came in the context of NDA contemplating replacing the existing labour laws with Labour Code on Wages and amending several major Acts for labour protection.

The conference also came in the wake of a country-wide 24-hour general strike of 10 trade unions (apart from BJP's Bhartiya Mazdoor Sangh) observed in September this year. The strike was a demonstration against the labour reforms planned by the NDA government which put jobs of workers at risk and made layoffs easier.

Labour reforms have long been pending in India. Almost 90 per cent of the labour community is casual and not protected by laws and regulations. On the other hand, some sections of industry and neo-liberal thought have argued for greater flexibility in labour markets and easier hire and fire policies for increased competitiveness, push in manufacturing, and greater output. Modi government's thrust on Make in India and ease of doing business directly feeds into this narrative. Yet, NDA's new Labour Code Wage bill may not be the best answer to boost economic productivity. In fact, in a country where labour health, safety, and welfare remain low priorities, industrial accidents are high, medical insurance and social security is weak, and minimum wage guidelines are routinely violated, the Labour code and proposed changes will do more harm than good.



The government has constituted an Inter-Ministerial Committee and tried to assure labour that reforms will be based on consultations. Express Photo/Sumit Malhotra

The Labour Code on Wages may restrict the power to fix minimum wages to just the state governments and may lead to a race to the bottom among states. The changes in the Payment of Wages Act replaces power given to labour commissioners with new “authorities”, however this may weaken inspection norms and remove ability to law to deter offenders. The proposed amendment to Industrial Disputes Act will allow companies employing up to 300 workers to fire or hire employees without seeking any government permission (earlier limit was 100 workers), leaving only a tiny percentage of large companies under the government when it comes to retrenchment. Creating a labour union will become more difficult as 30 per cent of workers will be required to sign for its creation (earlier only 10 per cent). The amendments to Factories Act (which is a social legislation aimed at ensuring occupational safety, health and welfare of workers at the workplace) propose raising the numbers of workers to 20 for firms with power supply (earlier 10) and 40 with no power supply (earlier 20). However the most significant change is in Contract Labour Act, important because contract labour forms almost half the workers and they are often poor migrants. Changes to this Act will exempt companies employing less than 50 workers from the ambit of the Act (from the earlier limit of 20).

The September strike presented a charter of 13 demands and among which there was also dissatisfaction about present price rise, low generation of new employment opportunities and NDA’s thrust on privatisation of railways, defence and insurance. Dr Singh’s speech also took a broader view of the labour problem and raised concerns over the social and economic policies of the NDA government. He urged a growth process which should be “both inclusive and environmentally sustainable to ensure distributive justice as well as an environmentally sustainable profile.”

In response to the protests, the government has constituted an Inter-Ministerial Committee and tried to assure labour that reforms will be based on consultations. With workers and trade unions now assured of greater political support from the Opposition, INTUC conference can mark the beginning of greater attention to labour conditions in India and a rethink over the proposed changes in laws. Without assured minimum wage, contract, health and pension benefits, overtime allowance, and safety and sanitation at work place, economic progress cannot be achieved. Moreover, negotiations between the government and trade unions and opposition parties should take care not to gloss over the specific concerns of vulnerable sections especially women and migrants. Child labour laws, too, need to be enforced with greater strictness. Finally, since labour concerns are not limited to factory workers, the plight of the agricultural workers, domestic workers and plantation workers must form vital part of discussions.



A child labourer works at the Katra railway station to unload coal in Gonda, Uttar Pradesh. Express
Photo by Ravi Kanojia