

A sad day for workers

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'Labour reforms' have shackled them all the more

August 14, 2016:

India's 70th Independence Day can be no cause for celebration for India's roughly 100 million workers in the manufacturing sector. Pushing 'labour reforms' and 'ease of doing business', the Lok Sabha recently passed the Factories Act (Amendment) Bill, 2016, last week without attracting public attention or debate. The proposed law relaxes limits on maximum overtime, allowing at least double the number of existing overtime hours in a quarter.

In an attempt to standardise labour norms, the proposed law gives the Centre, in addition to the States, the powers to alter working conditions and exempt certain types of workers from fixed working hours and periods of rest. The new Bill, however, seems to be a diluted version of the Factories (Amendment) Bill, 2014, which did not find favour with the Parliamentary standing committee. Hence, the labour "reforms" of Rajasthan — where a large number of units have been exempted from the Factories Act, Contract Act and Industrial Disputes Act — do not figure in the present Bill. The legal question, of course, with labour being on the Concurrent list, is: can Rajasthan's strident moves be legally contested?

The government also plans to enact a 'Small Factories Act' for units employing below 40 workers, exempting them ESI and PF requirements. So, by default the Factories Act would apply to units employing above 40 workers without power, as against 20 at present. In addition, a Model Shops and Establishments Bill is in circulation for the services sector, which does not specify minimum wages, ESI, PF and terms of service. With no social insurance and pension cover worth the name, removing such protections is an invitation to social unrest. It erodes faith in the State machinery. Squeezing workers who live in miserable conditions is bad in principle; it also makes little economic sense. Driving down purchasing power is not going to help industrial growth.

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