

TREAD WITH CAUTION: ON LABOUR LAWS

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

As part of its commitment to simplify and consolidate labour rules and laws under four codes, [the Union Cabinet has cleared](#) the Occupational, Safety, Health and Working Conditions Code, a week after it [approved the Code on Wages Bill](#). The latter seeks to include more workers under the purview of minimum wages and proposes a statutory national minimum wage for different geographic regions, to ensure that States will not fix minimum wages below those set by the Centre. These steps should be welcomed. The Code on labour safety and working conditions include regular and mandatory medical examinations for workers, issuing of appointment letters, and framing of rules on women working night shifts. Other codes that await Cabinet approval include the Code on Industrial Relations and the Code on Social Security. Unlike these pending bills, especially the one related to industrial relations that will be scrutinised by labour unions for any changes to worker rights and rules on hiring and dismissal and contract jobs, the two that have been passed should be easier to build a consensus on, in Parliament and in the public sphere. Organised unions have vociferously opposed changes proposed in the Industrial Relations code, especially the proviso to increase the limit for prior government permission for lay-off, retrenchment and closure from 100 workers as it is currently, to 300. The Economic Survey highlighted the effect of labour reforms in Rajasthan, suggesting that the growth rates of firms employing more than 100 workers increased at a higher rate than the rest of the country after labour reforms. But worker organisations claim that the implementation of such stringent labour laws in most States is generally lax. Clearly, a cross-State analysis of labour movement and increase in employment should give a better picture of the impact of these rules.

Simplification and consolidation of labour laws apart, the government must focus on the key issue of job creation. The Periodic Labour Force Survey that was finally made public in late May clearly pointed to the dire situation in job creation in recent years. While the proportion of workers in regular employment has increased, unemployment has reached a 45-year high. The worker participation rate has also declined between surveys held in 2011-12 and 2017-18. The government's response to this question has either been denial, as was evident after the draft PLFS report was leaked last year, or silence, after it was finally released. In such a situation, the government should be better off building a broader consensus on any major rule changes to existing worker rights rather than rushing through them for the sake of simplification. The consolidated code bills should be thoroughly discussed in Parliament and also with labour unions before being enacted.

Please enter a valid email address.

An RBI panel's suggestions on the MSME sector cut to the heart of crucial issues

Support Quality Journalism

Subscribe to our new online experience with zero ads.

Already a user? [Sign In](#)

To know more about Ad free news reading experience and subscription [Click Here](#)

or Please whitelist our website on your Adblocker

END

Downloaded from crackIAS.com

© **Zuccess App** by crackIAS.com

CrackIAS.com