

## SHORT COMMENTARY

### THE NEED FOR LABOUR REFORM IN INDIA

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Honourable Prime Minister of our nation, Shri Narendra Modi's idea of putting labour reforms on fast track by getting states and trade unions on board is a convincing note at one end of the passing bridge. But then in a developing nation like India the very first step to be taken is to ensure whether every single labour working, be it an industrial worker, mill labour or be it a labour whose fate lies within the minimal income he gets after stressing out his sweat, every sector has to be taken care of or not.<sup>2</sup>

Addressing the latest political stand again, amalgamation of the three renowned acts viz Trade Union Act, Industrial Disputes Act and Industrial Employment (Standing Orders Act) can be made, but prior to that laying stress upon certain aspects would lead to a higher reformational entity. Below points therein reflect some expeditious aspects to be reformed. Fundamental urgency for a reform is in regard to the average daily wage rates existing now in India, especially the Rural India. On the white papers passed by state governments the amount is satisfactory after labour amendments. True fact is that a large sector of labour being unaware of the amount they had to receive were thereby going on work for minimal wage that his/her employer has fixed. The word "Fact" indicates the actual scenario. Middle-men and the employers had an advantage in deceiving the amounts a daily wage labour is liable for.

Reform as such is to be made in constituting certain sections that speaks to make the worker know the details of how much he is liable for. In regard to this student volunteers can be set, division of certain class of social workers and responsible citizens can be made a part of this. Eventually, it must be made a mandatory and a check has to be implied strictly on this. Appointment of Co-ordinators in every State//village/mandals helps for the context as well. Government in India necessarily observed the increase in the rates of the daily wages

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<sup>2</sup> "The Indian Express – Make in India brings labour reforms back to Agenda" Column: Business, 30-12-14

and amendments were made which are all going in vain.<sup>3</sup> Collaborating with the local NGO's , setting up links in creating awareness is all an essential criteria as of now. In this regard "MAKE IN INDIA" is a pivotal reform made by the honourable Prime Minister. The account based inspecting system is highly an advanced method of reformation which must be effectively functioned .Social security schemes must be given a way ahead . We witness hundreds of industries closed lacking a good understanding between employers and employees. It inturn reflects the nation's economic array indirectly.

Now that according to the available statistics from various depicted sources , be it manual or internet based survey's , it is so clear that the foremost criteria or say responsibility of the State or Central Government's is to bring out a balance between organising the existing labour and the young generation followed in the same category. Organisation of the skilled and unskilled labour in their respective area's is the utmost necessity as of now , and if this is properly done the young generation can be set in non-agricultural sector since India being a developing country as such require efficient labour in the non-agricultural structure as well proving to be an economically elevated nation.<sup>4</sup> Reforms in the context of labour acts or say amendments, should be in such a way wherein there is a crosslink with the minimum wages acquired by the labour across the whole nation with that of the nation's economic inflation. Proud that India is a country with more of agricultural lands with a larger percentage of labour involved in building up the agricultural and non-agricultural sectors and hence to a direct intact undoubtedly the urbanisation lies in their hands and Governments must protect them by way of better reforms and amendments for a modern regulatory framework .

Some of the subdivided skilled labour are not given the privileges , some personal talks lead to the facts that they were not even been identified under the perview of the labour enacments, both State and the Central. Laying stress upon two categories

- 1) Hand woven labours (skilled)
- 2) Anganwadi Workers

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<sup>3</sup> Available at [www.economicdiscussion.net/labour/labour-reform-in-india-an-overview/6515](http://www.economicdiscussion.net/labour/labour-reform-in-india-an-overview/6515) (Last visited on 26/07/2016 )

<sup>4</sup> Available at [www.paycheck.in/main/salary/minimumwages/definition-of-unskilled-semi-skilled-skilled-highly-skilled-workers](http://www.paycheck.in/main/salary/minimumwages/definition-of-unskilled-semi-skilled-skilled-highly-skilled-workers)

In some of the States the above were not identified and were deprived of being facilitated by the labour law legislations. Bringing about a reform in identifying all the occupations including extinting occupations as such to bring about a common stand and efficient usage of the enactments. Unorganized sector has to be taken into emphasis and see to it that the “social security” which is deemed to be one of the fundamental concept of our Constitution is protected in lieu of the labour reforms , thus being enacted. On one end , where labour reforms which are already into place should find it’s strict Implementation determining it’s true essence of the reason as to why they have been made , whereas on the other end enacting reforms in labourlaw is a much debatale question and concern has to be laid upon on a more important note. There lies varied number of reasons as to why sometimes the government backs up in the reformation process. It is a challenge to the government in making choices atimes. There may be ambiguity atimes figuring out as to which benefits the society at large.

Application of the principles of fairness and equity is almost a task which is tough in sense and this leads to delay at instances. Recent changes made , or say reforms made in states of Rajasthan and Gujarat, Restricting the Contract labour legislation to the contract workers is such an amendent which is a sort of a boon to thr corporate sector but not the labour workforce be it skilled or unskilled. In order to strenghten the economic hold of the country corporate sector plays a pivotal role and there is no doubt in it .<sup>5</sup> But then , reforms which are in existence by the then Bristish rule need to be amended as such leaving about the economic gain for that matter and emphasizing on the social welfare and security of the poor labouforce in our country. Many are left with no choice in alternationg their occupation , unable to quit their occupational genesis people work with no gain or less income. Making reforms to their benefit is necessary at this phase of a developing country like India and the corporate sector can be thought of at a later stage. The position of the skilled labour is somewhat in a better stand , but the unskilled workforce still remain at the lower echelons of the society. Hence keeping this in view ,a labour reformin the frist pace need to benefit the unskilled workforce , later can be made reforms to the skilled and the corporate respectively.<sup>6</sup> While taking each Act and its objectives into account , the need for labour reforms can be clearly stated and demargated:

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<sup>5</sup> Business Standard- “Gujarat’s approach to labour law reforms different from Centre’s”,18-05-2105.

<sup>6</sup> Available at [www.oit.org/legacy/english/protection/travail/pdf/rdwpaper22a.pdf](http://www.oit.org/legacy/english/protection/travail/pdf/rdwpaper22a.pdf) ,”Labour rights and labour standards for migrant labour in India” (Last visited on 26/07/2016)

## **FACTORIES ACT, 1948**

The main objective of the Factories Act, 1948 which is an amended version of the British enactments, although a revised version which is adopted by almost all the states of the country is that to provide minimal standards to be set up in lieu of the hygienic conditions of the labour.<sup>7</sup> The actual scenario is that funds are being allotted regularly but then the figure is less and is not directly proportional to what our country's labour workforce is, and also proper implementation is thus a lack here. The minimum necessities i.e. water, medical facilities, restrooms, toilets, be it anything, everything is a backlog and a need for reformation of the provisions of the act and its strict implementation plays a pivotal role in fulfilling the object of the Act. Many small establishments are not taken care of and the act seems as if it is enacted only for the establishments made by the respective state governments.

## **PAYMENT OF WAGES ACT, 1936**

A point mentioned in the introduction will be in this context therein. The Payment of Wages Act, 1936 is thus enacted to put a check on the unauthorised deductions. But then, on a very personal note wherein a survey is made personally, there is a total varied answer which is on the whole a collective one. It was known that time that this act being unaware by the labour were facing these unauthorised deductions.<sup>8</sup> As mentioned out there is a need for a reform in letting the workforce aware of the Act and question if denied their wage at any instance. Is there a benefit even though the Act is clear in context without any ambiguity and people like us read it and use it for our study purpose or whatsoever, but the people involved in it i.e. the real beneficiaries of the act being unaware of what they are entitled for. Absolutely, it's a "No". Now coming to the laws in regardance to the social security, the main aspect to be revised is the amount payable under the provisions of the Acts, wherein some of them have been mentioned below:

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<sup>7</sup> "The Economic Times : The labour law reforms, 16-10-15

<sup>8</sup> Available at [www.citehr.com/135525-salary-freeze-legal-india.html](http://www.citehr.com/135525-salary-freeze-legal-india.html) (Last visited on 25/07/2016)

## **WORKMEN'S COMPENSATION ACT,1923**

This being a British enactment again setup certain provisions .The Act provides certain criteria to be fulfilled and only then the workmen is entitled to compensation. That involves

- 1)Personal Injury
- 2) an accident
- 3) arising out of / in the course of employment
- 4) resulting in temporary / partial disablement of the workmen<sup>9</sup> .

When laid down the limitations as to when the workmen is entitled to compensation, definiely the economic stand of the country will be safer aside but then times have changed and the workmen even though fall in the domain of the above depicted criteria were not being compensated lawfully . Need for a reform here can be demargated into 2 : One is to bar the limitation at a looser end make a compensation to the eligible workforce even though there is any valid reason for him/her to receive compensation and the other is to improve the rates of compensation of which the workmen is actually entitled as of now. As part of a social security legislation , there is a need for reformation in the wage rates, compensatory rates , pension rates so on and so forth. The rates should all be revised amongst the provisions laid down in The Employees State Insurance Act,1948 , Payment of Gratuity Act ,1971 and Maternity Benefit Act ,1961.

## **SUGGESTIONS AS TO HOW TO GO ABOUT LABOUR REFORMATIONS**

There are many legislations and acts that are setup which involves ceratin amount of confusion in the minds of literate itself . How can an expectation be made that the labour complying a major sector who are inturn illetrate be aware of so many acts. <sup>10</sup>Why not make a division as such all the security legislations under one head , laws based on wages and remuneration under one head and laws relating to facilities under one head respectively. Instead of making the law huge and its implementation not stringent enough make it little precise and clear to the illetrate too . If this is done , the mentioned path in which a proper

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<sup>9</sup> Available at <http://indiacode.nic.in/fullact1.asp?tfnm=192308> (Last visited on 26/07/2016)

<sup>10</sup> Available at [www.mondaq.com/india/x/433150/employee+rights+labour+relations/Rising+Tide+Of+Labour+Reforms+In+India](http://www.mondaq.com/india/x/433150/employee+rights+labour+relations/Rising+Tide+Of+Labour+Reforms+In+India) (Last visited on 24/07/2016)

implementation can be made in appointing people to put a check would be perfectly determined and can be an efficient one, which erases some tougher phase for them to make aware so many lengthy acts to every single person or say establishment.

Second is that , the extensive usage of the Contract labour act and Factories act which lead to several amendments by the respective States of the nation . Emphasis has to be laid down in between the equal wages and the social security concept .Wherein , the proper implementation of said act is a backlog which has to be set right. Strictly speaking , as addressed by our Prime Minister, Shri Narendra Modi in the recent past mentioning the relaxation of the State Governments in making labour enactments to their discretion which are flexible enough for them in his speech (speech at 44<sup>th</sup> session of the International Labour Conference, New Delhi 2012 14<sup>th</sup> February , it is absolutely true in sense. Labour law as a matter of concurrent list which can be enacted both by the Central and the State governments is being misused by some of the States and this is leading to ambiguity on one end and a sign of bad political agendas in order to gain an economic profit. This has to be taken care of enacting certain reforms that help in striking down of the provisions or amendments which do not benefit the labour workforce.

When asked a question as to which is more important , is it the economic inflation or the concept of social security as laid down in our Constitution , definitely the Constitution wins and then comes the economic inflation.<sup>11</sup>

## CONCLUSION

To conclude, as phrased several times , the social justice, a fundamental concept of the Indian Constitution has its wider impact on the Labour Laws since majority of the labour law legislations involve social security , social welfare , social assistance so on and so forth within its fold and this way only the labour laws can broaden the concept eventually. As the topic suggests , labour reforms are one such effective area wherein a vast change can be made in the Nation , that helps on overall to the nation. The extension of the social security concept again leads to better collaboration with the International Organisations which is now a major necessity for a developing country like India. Hopefully , Modi ji's agendas and his view in reforming the labour laws must and should work for a better India.

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<sup>11</sup> "HOW SHOULD INDIA REFORM ITS LABOUR LAWS" –Simon Deakin and Antara Halder, March 2015