

**FICCI submits charter for Labour Policy reforms to Union Minister for
Labour, Employment, Mining and Steels**
***'Antiquated labour laws has blocked employment generation and
competitiveness of enterprises'***

New Delhi, 22 August 2014: FICCI submitted a charter for Labour Policy reforms to Shri Narendra Singh Tomar, Hon'ble Union Minister for Labour, Employment, Mining and Steels last evening, stating that the antiquated labour laws has blocked employment generation and competitiveness of enterprises, which is the prime need of the country. The paper states that against 8 percent growth between 2000 to 2009, the employment grew only at an average of 1.6 percent.

At the outset, FICCI paper suggests the need for shifting labour from 'concurrent list' of the constitution to 'state list' to allow state governments greater freedom in formulating labour policies to attract higher investments.

There is a need for minimising and simplification of labour laws for better compliance, the paper stated. FICCI has outlined the need for regrouping the entire set of close to 150 labour laws into four categories:

(i) Laws governing terms and conditions of employment, which may consolidate:

- (a) Industrial Disputes Act, 1947
- (b) Industrial Employment (Standing Orders) Act, 1946
- (c) Trade Unions Act. 1926

(ii) Laws governing wages, which may consolidate:

- (a) Minimum Wages Act, 1948
- (b) Payment of Wages Act, 1936
- (c) Payment of Bonus Act, 1965

(iii) Laws governing welfare which may consolidate:

- (a) Factories Act, 1948
- (b) Shops and Establishments Act
- (c) Maternity Benefits Act, 1961
- (d) Employees' Compensation Act, 1952 and
- (e) Contract Labour (Regulation & Abolition) Act, 1970

(iv) Laws governing social security, which may consolidate:

- (a) Employees Provident Funds and Miscellaneous Provisions Act, 1952
- (b) Employees State Insurance Act, 1948
- (c) Payment of Gratuity Act, 1972

The paper states that a uniform definition of 'employee', 'industry' and 'wages' across all labour legislations would minimise litigation.

The coverage of the Industrial Dispute Act, should be confined to employees receiving salary only upto Rs. 20,000/- the paper stated. This is necessary in view of the need to exclude employees in the higher salary bracket enjoying statutory protection which is very often misused to the detrimental of the society.

A small change in the service condition even brought about by change of shifts, installing new machine or recognition of schedule to better utilise resources, require 21 days' notice to the union as per Section 9A. FICCI has, supported the recommendation of the 2nd Labour Commissioner in this respect and called for deleting Item No. 10 and 11 in the fourth schedule of the ID Act, 1947 providing for notice for effecting rationalisation and standardisation.

FICCI note submitted to the Government has called for adopting a uniform practice of serving 14 days compulsory notice in the case of both 'strike' and 'lockout'. This provision right now exists only with regard to units engaged in 'public utility services'.

Following the practice of the developed countries like UK, Germany, Australia etc. FICCI has called for adopting the practice of 'Strike Ballot' by the Trade Unions.

Requiring prior permission of the Government to effect rationalising measures like retrenchment, closure or lay-off, by a company employing more than 100 employees, as mandated by Chapter V-B of the ID Act, is a retrograde step which has promoted industrial sickness. This provision was enacted during emergency in the country. FICCI has therefore, called for upward revision of the number filter to 300, in the first stage as recommended by the 2nd National Commission of Labour and gradually doing away with it. This has proved deterrent in promoting investment in the country.

Touching on Industrial Employment (Standing Orders) Act, the FICCI paper states that the category of '*fixed term employment*' which was earlier introduced during the period of NDA Government in 2003, but repealed in 2007 by the UPA Government, be reintroduced, as it helps in executing time bound and short term projects where the manpower employed could be dispensed with on the completion of the project. This will help in increasing employment.

FICCI suggested that the definition of 'occupier' under the Factories Act, 1948 be extend to any managerial person vested with the ultimate control of the factory, as restricting the definition of 'Occupier' only to a 'Director', who may not be stationed at the site of the factory all the times, puts unreasonable restrictions. In this context, parity between the private sector and the public sector must be maintained.

FICCI paper states that due to abolition of Contract Labour from one operation to the other, industry is finding it difficult to engage extra hands to discharge short-term contract including export commitments; as industry is unable to carry on the burden of the extra manpower.

Industry is therefore unwilling to employ people on contract basis and employment generation is suffering. FICCI therefore suggested deletion of **Section 10** of the Contract Labour (Regulation & Abolition) Act, 1970, to provide flexibility to engage contract workers.

Weblink: <http://ficci.com/SEdocument/20301/FICCI-NOTE-ON-LABOUR-POLICY-REFORMS.pdf>

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