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# New labour for new India

Union government has done much to move the workforce into the formal sector

ANY DISCUSSION ON the unemployment challenge in India should be grounded in the following facts: One, the Indian economy needs to generate employment for about 5-7 million people that enter the labour force annually; two, over 90 per cent of the workforce has informal employment — they have neither job security nor social security; and three, there has been a growing infomalisation in the organised sector. Informal workers are the most vulnerable section of our society and the trade unions have focused their attention on only protecting the rights of workers in the organised sector.

The Narendra Modi government has tried to address the problems of the informal sector through a focused approach which rests on two legs. The first is to promote formalisation and the second is the provision of social security to those remaining in the informal sector.

The most important reform is the introduction of “fixed term contract” employment. According to the notification introducing it, fixed contract workers must be employed under the same working conditions (such as wages, working hours, allowances and other benefits) as permanent workers. Fixed-term workers are also eligible for all statutory benefits available to a permanent workman proportionately, according to the period of service rendered by him/her. Allowing fixed-term

employment would help employers to respond to the fluctuating demand and seasonality in their businesses and facilitate the direct employment of workers.

Formal employment is also sought to be promoted by reducing the compliance cost for companies. Under the Ease of Compliance rules, the government has pruned the number of registers mandatory for all establishments to be maintained under nine central Acts to just five from 56, and the relevant data fields to 144 from 933. The government has also taken numerous technology-enabled transformative initiatives such as the Shram Suvidha Portal, universal account number (UAN) and national career service portal in order to reduce the complexity burden and ensure better accountability. In order to reduce the labour law compliance cost for startups, the central government has also managed to persuade state governments and Union Territories (UT) to allow self-certification and regulate inspection under six labour laws wherever applicable.

One of the major achievements of the government is the increased Employees' Provident Fund (EPF) coverage. The Employees' Enrolment Campaign (EEC) was launched by the government in January 2017 to enrol employees left out of the EPF and provided incentives to employers in the form of a waiver of administrative charges, nominal

damages at the rate of Re 1 per annum and waiver of employees share, if not deducted. In this drive, close to 1.01 crore additional employees were enrolled with EPF Organisation between January to June 2017. The government also launched the Pradhan Mantri Rojgar Protsahan Yojana in 2016 (revised this year) under which the government will pay the full employers' EPF contribution for three years for new employment.

The construction sector employs the highest number of casual workers outside of agriculture. As a result of the massive campaign and effort by the Union of India, state governments and UTs, the approximate number of building and other construction workers registered as beneficiaries under Building and Other Construction Workers (BOCW) Act up to March 31 has increased to 3.06 crore. The most important reform for this sector is the introduction of Universal Access Number (UAN). If a construction worker migrates from one state to another (which is common), the benefit of registration will not be lost due to the portability of the UAN. The central government also amended the Building and Other Construction Worker Rules, 1998, on December 29, 2017, so as to make the process of filing of the Unified Annual Return transparent for registered establishments.

The amendment of the Payment of Wages Act in 2017 introduced a provision

that the government may, by notification in the official gazette, specify that an industrial or other establishment shall pay wages only through its bank account. A notification to this effect with respect to the railways, air transport services, mines and oil field sectors covered under central sphere has been issued on April 25, 2017.

The government is also in the process of finalising Labour Code on Social Security. The Code aims to simplify, rationalise and consolidate the hitherto fragmented laws into one consolidated law, which will be simpler both in terms of comprehension and enforcement. The code has drawn inspiration from the Constitution and follows a rights-based approach.

Historically, due to well-intentioned but poorly-designed labour laws, only a small section of India's labour force has had job security and social security, while a very large section has had neither. The government has taken a number of steps to change this and the same is being reflected in monthly data released by EPFO, which shows that there is a shift from the unorganised to organised sector, and those remaining in the former will be covered under income and social security schemes.

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