

Government Initiatives & Public Sector Perspectives

in the Changing Labour Laws



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Labour laws have been intricately associated with the social security of the diverse workforce across various Sectors in India and despite a paradigm shift in how the Human Resource function has developed over time with the emergence of dynamic domains such as Learning and Development, the significance of Labour Laws can still not be undermined in a labour market like ours where Informal Employment defined as those working in the Organized or Unorganized Sector without any employment and social security benefits by the employers, comprises of a humongous 54.6 percent in the Organized and 99.6 percent in the Unorganized Sector. Labour laws initially designed to safeguard the interests of the employers as well as the employees have increasingly become archaic due to the lack of interest in their timely reform over the years. The ambiguity and variations prevalent in Indian labour laws makes it practically impossible for any enterprise to comply with 100 percent of them without running the risk of violating even a single one, encouraging what is commonly referred to as shadow economy where businesses engage in unfair practices to avoid conformity to the complicated set of rules. In such a background, the recent Labour

Law reform proposals namely the codification of labour laws, have been welcome by most with a hope that they will ease the ability to do business in an emerging market like India to some extent. Although, critics still look upon these proposals with skepticism owing to the vested interests and political lack of courage which has long plagued this realm of Human Resources. However, Human Resource Professionals across the nation consider these initiatives as positive for future developments. But what remains to be seen is the impact of these reforms on the Public Sector Enterprises, which are directly under the scanner to comply and adhere to the labour law regulations and are likely to be the most watched ones to be impacted.

Nevertheless, the codification of the current 44 labour laws into 4 broad cohorts namely labour, Industrial Relations, Social Security and welfare, safety and working conditions will be instrumental in eliminating multiplicity. Similarly, an online filing system with simplified forms for labour returns will be implemented that has done away with the infamous labour inspections. Codification of laws will have a positive impact on Investor morale since it is likely to boost investor confidence due to elimination of regulatory hassles and simpler



compliances. Further, uniformity across all laws will result in litigation cases taking less time to get settled, saving time and cost involved. Simultaneously, it is expected that incorporating the unorganized Sector under the ambit of these laws will become easier.

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It should be appreciated that a major chunk of all employees/workmen in regular strength of Public Sector enterprises by virtue of getting living wages are out of the purview of majority of provisions of social security, welfare and other service conditions prescribed under the specific labour laws; including the present codification will not bring them within the ambit of the statute. Therefore, the emerging hallmark of employer-employee relationship within PSUs, defining the labour standards of health, safety, welfare and working conditions coupled with periodic

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wage negotiations and job security as well as job enrichment etc. are now more determined by bipartism. More and more Public Sector are successfully engaged in Collective bargaining without any perceptible direct action or



militancy on behalf of the workmen/unions. The engagement between employers and Unions have become more trustworthy and focused towards mutuality of benefits and growth.

Nevertheless, the only Achilles heel in the majority of Public Sector enterprises is the over-dependence of employment of Contract labour. The Public Sector in general, is facing an internal dichotomy between the line managers and HR professionals in distinguishing between 'outsourcing' and 'contracting'. Even though, all outsourcing activities are per se commercial contracts, but within the scheme of such contract and objective and results desired therein, certain compliances in respect of workers engaged by or through such contractors get attracted under the labour laws, which is going to be more focused and increasingly evident within the proposed codification process of the Government; which will need to be perceived in the prescribed letter and spirit of the statute.

Public Sector as a whole, needs to mitigate the social issue of employment by giving a professional outlook within such engagement, which will not only improve the wages and quality of life but also address the issues of under-employment as well as over-employment. The focus should be to engage into dynamics of Human Engineering on a continuous basis and balance the different requirements of manpower as per the ever changing needs of the organization in a more scientific manner, and maintaining an equilibrium between the minimum requirement of labour laws and maximum output of the social goods. ■■■