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Maternity Leave: Government for Incentive Scheme

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The Ministry of Labour & Employment has come up with clarification with respect to Maternity Leave Incentive Scheme.

- There were some media reports that this Scheme has been approved/notified. However, it is clarified that Ministry of Labour & Employment is in the **process of obtaining necessary budgetary grant** and approvals of Competent Authorities.
- The reports that it will be funded from Labour Welfare Cess, is also incorrect, as **no such cess exists under this Ministry.**
- The **Building and Other Construction Workers' Welfare Cess (BOCW) Act, 1996** provides for collection of cess for construction workers **by states/union territories.**
- The **State and the Local governments** collect the Cess and then **transfer to the State Welfare Boards.**
- The states/UTs should ensure that the welfare schemes funded from cess fund should be **exclusively for building and other construction workers only.**
- **Diversion of cess fund** for welfare of other category of workers is **not permissible** under the BOCW Act.

Background

- The Maternity Benefit Act, 1961 applies to **establishments employing 10 or more persons** in Factories, Mines, Plantation, Shops & Establishments and other entities.
- The main purpose of this Act is to regulate the employment of women in certain establishments for certain period before and after childbirth and to provide maternity benefit and certain other benefits.
- The Act was amended through the Maternity Benefit (Amendment) Act, 2017 which, inter alia, has **increased** the paid maternity leave to women employees **from 12 weeks to 26 weeks.**

- While the implementation of the provision is good in Public Sector, there are reports that it is **poor in Private Sector** and in **contract jobs**.
- There is also a wide perception that private entities are not encouraging the hiring of women employees because if they are employed, they may have to provide maternity benefit to them, **particularly 26 weeks of paid holiday**.
- Therefore, the extended maternity leave has become a deterrent for female employees who are asked to quit or retrenched on flimsy grounds before they go on maternity leave.

Proposed Solution

The Ministry of Labour & Employment is working on an **incentive scheme wherein 7 weeks' wages would be reimbursed to employers** who employ women workers with **wage ceiling upto Rs. 15000/-** and provide the maternity benefit of 26 weeks paid leave, subject to certain conditions.

Impact

- The proposed Scheme, if approved and implemented shall ensure the women in this **country an equal access to employment** and other approved benefits along with **adequate safety and secure environment**.
- The workplaces will be **more and more responsive to the family needs** of the working women.

[Read more about issue of maternity benefits](#)