



## Mains Practice Question

**Q.** Discuss how recently passed labour codes can have a transformative impact on labour empowerment in India. Also, discuss the challenges associated with the codes. (250 words)

14 Oct, 2020 GS Paper 3 Economy

### Approach

- Introduce, with briefly explaining the labour codes passed recently.
- Discuss the benefits of the labour codes focusing on how they will bring a transformative impact on labour empowerment in India.
- Discuss the challenges/concerns associated with the codes.
- Conclude suitably.

### Introduction

- Recently, the Parliament passed three labour codes — on industrial relations; occupational safety, health and working conditions; and social security — proposing to simplify the country's archaic labour laws and give impetus to economic activity without compromising with the workers' benefits.
- Along with the 'Code on Wages Act- 2019', these can significantly ease the conduct of business by amalgamating a plethora of Central and State laws on labour. These labour codes can have a transformative impact on labour relations in India.

### Body

#### Benefits of Labour Codes

- **Consolidation and simplification of the Complex laws:** The three Codes simplify labour laws by subsuming 25 central labour laws that have been on the table for at least 17 years.
  - It will provide a big boost to industry & employment and will reduce multiplicity of definition and multiplicity of authority for businesses.
- **Single Licensing Mechanism:** The codes provide for a single licensing mechanism. It will give fillip to industries by ushering in substantive reform in the licensing mechanism. Currently, industries have to apply for their licence under different laws.
- **Easier Dispute resolution:** The codes also simplify archaic laws dealing with industrial disputes and revamp the adjudication process, which will pave the way for early resolution of disputes.
- **Ease of Doing Business:** According to the industry and some economists such reform shall boost investment and improve ease of doing business. It drastically reduces complexity and internal contradictions, increases flexibility & modernizes regulations on safety/working conditions
- **Other benefits for Labour:** The three codes will promote fixed term employment, reduce influence of trade unions and expand the social security net for informal sector workers.

#### Concerns with the Labour codes

- **Promote arbitrary service conditions for workers:** The codes provide the liberty to industrial

establishments to hire and fire their employees at will.

- This move might enable companies to introduce arbitrary service conditions for workers.
- **Free Hand to States:** The central government has also attracted criticism that states have been given a free hand to exempt laws in violation of labour rights. However, the Union Labour Minister has said the labour issue is in the Concurrent list of the Constitution and therefore states have been given the flexibility to make changes as they wish.
- **Affect Industrial Peace:** Industrial Relation Code proposes that workers in factories will have to give a notice at least 14 days in advance to employers if they want to go on strike.
  - However, earlier the Standing Committee on Labour had recommended against the expansion of the required notice period for strike beyond the public utility services like water, electricity, natural gas, telephone and other essential services.
  - Further, Bharatiya Mazdoor Sangh has also opposed the Code, describing it as a clear attempt to diminish the role of trade unions.

## Conclusion

- The Periodic Labour Force Survey observes that 71% of regular wage/salaried workers in the non-agriculture sector did not have a written contract, and 50% were without social security cover. The new laws, by simplifying compliance, should create an incentive for workforce formalisation.
- The new labour codes will help in increasing the pace of generating good quality jobs to cater to the growing workforce, their rising aspirations and to absorb out-migration of labour from agriculture. This way India can fully be able to capitalize on its inherent labour and skill cost and help a fast economic recovery especially post Covid-19.

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