



## Labour Laws and Covid-19

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This article is based on **“Contempt for labour: On dilution of labour laws”** which was published in The Hindu on 08/05/2020. It talks about the issue pertaining to evasion of labour laws amid Covid-19 pandemic.

**Covid-19 pandemic** has triggered public health and global economic crises. As the economy struggles with the lockdown and thousands of firms and employees stare at an uncertain future, some of the state governments last week decided to make significant changes in the application of labour laws.

These changes are being brought about to incentivise economic activity in several states. However, this move may undermine the interest of labourers, who are one of the most vulnerable sections that have been impacted by the pandemic.

### Note:

- Madhya Pradesh has allowed units of business and industries to be operated without many of the requirements of the Factories Act.
- Uttar Pradesh has cleared an ordinance exempting businesses and industries from labour laws, except for a handful, for three year period.
- There are reports that several other states are pursuing similar measures.

### Some Major Indian Labour Legislation

- Labour falls in the Concurrent List of the Indian constitution and there are many laws enacted by the Centre and the states.

- There are four major central legislations, that form the core of labour laws in India.
  - **Factories Act, 1948:** The main objectives of this act is to ensure safety measures on factory premises, and promote the health and welfare of workers.
  - **The Shops and Commercial Establishments Act, 1961:** It aims to regulate hours of work, payment, overtime, a weekly day off with pay, other holidays with pay, annual leave, employment of children and young persons, and employment of women.
  - **The Minimum Wages Act, 1948:** It sets the **minimum wages** that must be paid to skilled and unskilled labours.
  - **Industrial Disputes Act. 1947:** It relates to terms of service such as layoff, retrenchment, and closure of industrial enterprises and strikes and lockouts.

## Issues Pertaining to Evasion of Labour Laws

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### Creating an Enabling Environment for Exploitation

- The immediate suspension of labour laws by the states is far from being called a reform as it will strip the labour of its basic rights and also drive down wages.
- As for the suspension, most of the provisions under the Factories Act, 1948 and the Industrial Disputes Act, 1947 would mean workers in factories may be denied basic working facilities such as cleanliness, proper ventilation, drinking water, canteens, and restrooms.

### Counter Productive Step

- These steps are far from pushing for a greater formalisation of the workforce.
- This move will in one go turn the existing formal workers into informal workers as they would not get any social security.
- Also, there will be no way for any worker to even seek grievance redressal.
- Resulting fall in wages will further depress the overall demand in the economy, thus hurting the recovery process.

### Forced Labour

- Article 23 of the Constitution prohibits “forced labour”.
- The Supreme Court, in case **PUDR v. Union of India (1982)**, held that “the word ‘force’ would mean any condition arising from the compulsion of economic circumstances which leaves no choice of alternatives to a worker.
- Thus, the suspension of labour laws by several states reduces the bargaining power of labour, their right to negotiate and hence may turn them into Forced Labour.

### Against the International Commitments

These amendments in labour laws are the spirit of the **International Labour Organization's 'Employment and Decent Work for Peace and Resilience Recommendation, 2017'**.

It requires states to ensure marginalised groups “freely choose employment” while rebuilding after any disaster.

## Issues Related to Indian Labour laws

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### **Complex Set of Laws**

- There are over 200 state laws and close to 50 central laws, and yet there is no set definition of “labour laws” in the country.
- The multiplicity and complexity of laws make compliance and enforcement difficult and lays the foundation for corruption, rent-seeking and exploitation of workers.

### **Inflexible Laws**

- Indian labour laws are often characterised as “inflexible”.
- It has been argued that firms (those employing more than 100 workers) dither from hiring new workers because firing them requires government approvals.
- This has constrained the growth of firms on the one hand and could not improve the job prospects of the workers.

### **Applicability of Labour Laws**

- A large number of workers that are engaged in the unorganized sector are not covered by labour regulations and social security.
- At present nearly 83% of India's workers are part of the informal economy.
- Thus, the current framework of labour laws falls short of securing the interest of all the labourers.

## Steps To Be Taken

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### **Short-Term Step**

With respect to Covid-19 pandemic, the central and state governments in India should follow what most governments have done across the world.

The government should partner with the industry and allocate a percentage of the GDP towards sharing the wage burden and ensuring the health of the labourers.

### **Long-Term Steps**

- The government has proposed four labour codes:
  - **Labour Codes on Wages**
  - **Labour Code on Industrial relations**
  - **Labour Code on Occupational safety, health and working conditions**
  - **Labour Code on Social Security and Welfare**
  - These should be passed by the parliament as soon as possible.
- Labour laws applicable to the formal sector should be modified to introduce an optimum combination of flexibility and security.
- Make the compliance of working conditions regulations more effective and transparent.

## Conclusion

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For sustainable industrial growth in India, there is a need for holistic labour laws reforms, which would enable firms to expand, while keeping the interest of labours intact, thereby resulting in the formalisation of the Indian economy.



### TYPES OF LABOUR LAWS IN INDIA

#### CONDITIONS OF WORK

- Factories Act, 1948
- The Contract Labour (Regulation & Abolition) Act, 1970
- Shops and Commercial Establishments Act

#### WAGES & REMUNERATION

- The Minimum Wages Act, 1948
- Payment of Wages Act, 1936

#### SOCIAL SECURITY

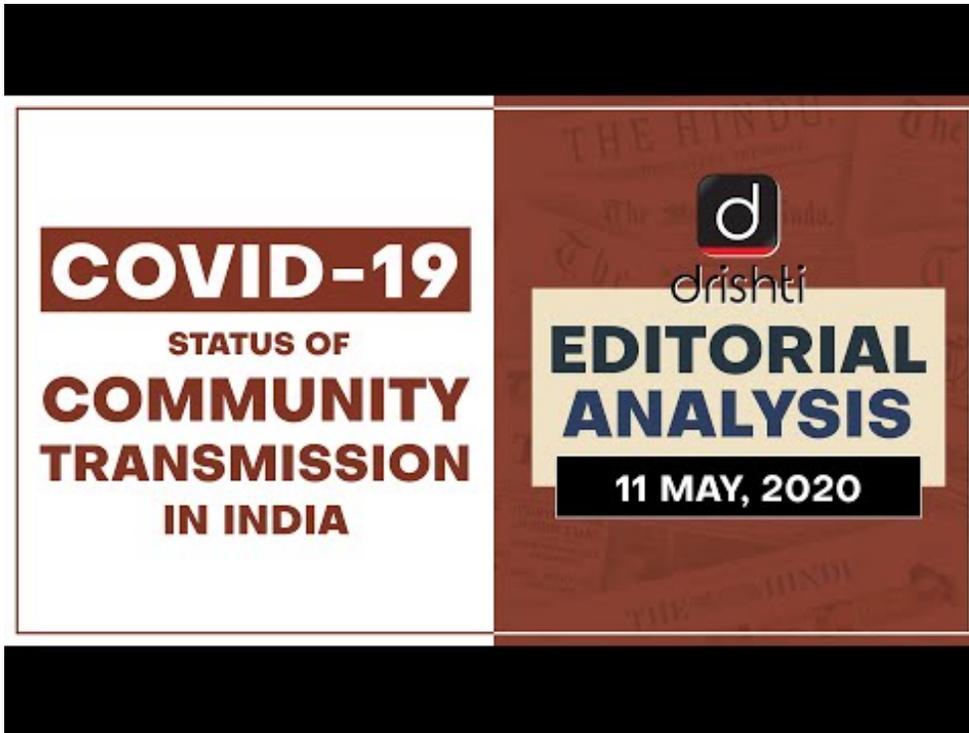
- Employees' Provident Fund Act, 1952
- Workmen's Compensation Act, 1923
- Employees State Insurance Act, 1948

#### EMPLOYMENT SECURITY & INDUSTRIAL RELATIONS

- The Industrial Disputes Act, 1947
- Industrial Establishments (Standing Orders) Act, 1946

### ***Drishti Mains Question***

Discuss the significance of labour laws in the Industrial growth of India.



Watch Video At:

[https://youtu.be/kNxL6-s\\_684](https://youtu.be/kNxL6-s_684)

This editorial is based on "Coming to terms" which was published in The Hindu on May 11<sup>th</sup>, 2020. Now watch this on our Youtube channel.