



## Labour Reforms - Fixed Term Employment

### Why in news?

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The Finance Minister advocated “fixed term employment” in the budget speech.

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### How have the labour laws evolved?

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- Present labour laws are a carryover from **war-time legislation** promulgated by the **British** to protect industry from disruption.

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- These laws were incorporated into the **Industrial Disputes Act** in 1947.

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- The crux of the law is **government intervention in industrial disputes** to balance between labour and management.

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- This never worked well and succeeding labour ministries tried to end this war-time anachronism.

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- The role of the State in essentially an issue between labour and management was sought to be reduced.

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- The aim is to ensure **bilateral resolution** of conflict, as happens in every liberal democracy.

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- During the emergency period it was ruled that **permanent workers** cannot be sent away.

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- Nor were the places of work be closed down without the consent of the state.

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- Industry’s response to the rule on permanent workers has been a massive **shift to contract labour**.

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## How is contract employment in India?

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- There are firms which employ no permanent workers at all, except for a small clutch of officers.
- Industries are also increasingly diluting the law that forbids the employment of contract labour in core processes.
- Permanent workers are unconcerned with these changes so long as their interests and emoluments are secure.
- The trade unions are just beginning to organise contract workers.
- The unions at most ask for minimum wage for the contract labourers.
- The unions cannot call a strike because permanent workers will not back it.
- The contract workers themselves cannot go on strike because they risk losing their jobs.
- Employers will in any case not pay more.
- Although employers are the driving force behind the shift to massive contract employment, the government also seems to be supporting this.

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## How can fixed term employment help?

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- The **present unfixed contracts** can be terminated any time.
- Organised industry is riding on **cheap contract labour**, due to immortality on the enterprise.
- In this backdrop, the fixed-term employment does not promise lifetime employment.

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- However, it will be a **clear tenure**, as a company or an enterprise hires an employee for a specific period of time.  
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- The contract can be **renewed or terminated** according to the performance of the worker.  
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- A fixed term contract will enhance **workers' security and remuneration**.  
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- It will also allow the **employers the flexibility** they desire.  
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## **What is the way forward?**

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- The fixed contract could raise opposition from both labour and management.  
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- Fixed contracts will push up the wage bill, which employers will resist.  
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- These are important considerations and challenges before working on labour laws.  
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- But India cannot continue to rely on an insecure and impoverished labour force, for it to become a manufacturing powerhouse.  
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- The insensitive exploitation of the weak and vulnerable in the formal sector cannot be justified in a society striving for equality.  
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- Well thought out labour reforms are crucial to address all these.  
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**Source: BusinessLine**

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